

**AUDIT REPORT  
OF  
GAGE COUNTY**

**JULY 1, 2019, THROUGH JUNE 30, 2020**

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**Issued on March 3, 2021**

GAGE COUNTY

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GAGE COUNTY  
612 Grant Street  
Beatrice, NE 68310

**LIST OF COUNTY OFFICIALS**  
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Matt Bauman	Jan. 2021
	Gary Lytle	Jan. 2023
	John Hill	Jan. 2021
	Eddie Dorn	Jan. 2023
	Erich Tiemann	Jan. 2023
	Dennis Byars	Jan. 2021
	Terry Jurgens	Jan. 2023
Assessor	Patricia Milligan	Jan. 2023
Attorney	Roger Harris	Jan. 2023
Clerk	Dawn Hill	Jan. 2023
Election Commissioner		
Register of Deeds	Donna Munoz	Jan. 2023
Clerk of the District Court	Diane Wells	Jan. 2023
Sheriff	Millard Gustafson	Jan. 2023
Treasurer	Laurie Wollenburg	Jan. 2023
Surveyor	Christopher Witulski	Jan. 2023
Veterans' Service Officer	Phil Dittbrenner	Appointed
Weed Superintendent	Becky Borgman	Appointed
Highway Superintendent	Galen Engel	Appointed
Planning & Zoning Emergency Manager	Lisa Wiegand	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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GAGE COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Gage County, Nebraska

### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gage County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Gage County as of June 30, 2020, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## **Emphasis of Matters – Basis of Accounting**

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

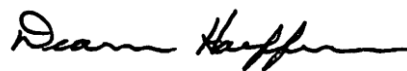
## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 17-28, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2021, on our consideration of Gage County'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 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 Gage County's internal control over financial reporting and compliance.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

February 24, 2021

GAGE COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 16,497,105
<b>TOTAL ASSETS</b>	<b>\$ 16,497,105</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 298,967
911 Emergency Services	63,309
Drug Education	5,893
Preservation of Records	36,668
Debt Service	2,166,476
Beatrice Six Judgment	124,219
Unrestricted	13,801,573
<b>TOTAL NET POSITION</b>	<b>\$ 16,497,105</b>

The notes to the financial statements are an integral part of this statement.

GAGE COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2020

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (9,635,978)	\$ 720,376	\$ 130,724	\$ (8,784,878)
Public Safety	(3,856,198)	77,526	71,431	(3,707,241)
Public Works	(4,504,141)	4,801	3,550,180	(949,160)
Public Assistance	(134,163)	-	-	(134,163)
Culture and Recreation	(96,542)	-	-	(96,542)
Debt Payments	(630,664)	-	-	(630,664)
<b>Total Governmental Activities</b>	<b>\$ (18,857,686)</b>	<b>\$ 802,703</b>	<b>\$ 3,752,335</b>	<b>(14,302,648)</b>

General Receipts:

Property Taxes	14,805,131
Grants and Contributions Not Restricted to Specific Programs	1,496,814
Investment Income	353,627
Licenses and Permits	118,760
Health Insurance Premiums	162,252
Miscellaneous	137,201
<b>Total General Receipts</b>	<b>17,073,785</b>
 Increase in Net Position	 2,771,137
Net Position - Beginning of year (as restated)	13,725,968
Net Position - End of year	<b>\$ 16,497,105</b>

The notes to the financial statements are an integral part of this statement.

**GAGE COUNTY**  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2020

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Road/Bridge Sinking Fund</u>	<u>Road Bond Fund</u>	<u>Judgment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash and Cash Equivalents (Note 1.D)	\$ 5,685,244	\$ 393,247	\$ 3,657,536	\$ 2,266,492	\$ 2,166,476	\$ 124,219	\$ 2,203,891	\$ 16,497,105
<b>TOTAL ASSETS</b>	<u>\$ 5,685,244</u>	<u>\$ 393,247</u>	<u>\$ 3,657,536</u>	<u>\$ 2,266,492</u>	<u>\$ 2,166,476</u>	<u>\$ 124,219</u>	<u>\$ 2,203,891</u>	<u>\$ 16,497,105</u>
<b>FUND BALANCES</b>								
Restricted for:								
Visitor Promotion	-	-	-	-	-	-	298,967	298,967
911 Emergency Services	-	-	-	-	-	-	63,309	63,309
Drug Education	-	-	-	-	-	-	5,893	5,893
Preservation of Records	-	-	-	-	-	-	36,668	36,668
Debt Service	-	-	-	-	2,166,476	-	-	2,166,476
Beatrice Six Judgment	-	-	-	-	-	124,219	-	124,219
Committed to:								
Law Enforcement	-	-	-	-	-	-	50,177	50,177
Road Maintenance	-	393,247	-	2,266,492	-	-	-	2,659,739
County Buildings	-	-	-	-	-	-	506,687	506,687
Self Insurance	-	-	-	-	-	-	1,181,039	1,181,039
Economic Development	-	-	-	-	-	-	61,151	61,151
Assigned to:								
Other Purposes	-	-	3,657,536	-	-	-	-	3,657,536
Unassigned	5,685,244	-	-	-	-	-	-	5,685,244
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 5,685,244</u>	<u>\$ 393,247</u>	<u>\$ 3,657,536</u>	<u>\$ 2,266,492</u>	<u>\$ 2,166,476</u>	<u>\$ 124,219</u>	<u>\$ 2,203,891</u>	<u>\$ 16,497,105</u>

The notes to the financial statements are an integral part of this statement.



**GAGE COUNTY**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Sinking Fund	Road Bond Fund	Judgment Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>								
Property Taxes	\$ 12,409,720	\$ -	\$ 895,741	\$ -	\$ 883,749	\$ 459,790	\$ 156,131	\$ 14,805,131
Licenses and Permits	118,760	-	-	-	-	-	-	118,760
Investment Income	353,627	-	-	-	-	-	-	353,627
Intergovernmental	1,605,502	3,189,234	-	357,897	96,516	-	-	5,249,149
Charges for Services	776,411	4,801	-	-	-	-	21,491	802,703
Miscellaneous	18,099	13,736	-	-	-	-	267,618	299,453
<b>TOTAL RECEIPTS</b>	<b>15,282,119</b>	<b>3,207,771</b>	<b>895,741</b>	<b>357,897</b>	<b>980,265</b>	<b>459,790</b>	<b>445,240</b>	<b>21,628,823</b>
<b>DISBURSEMENTS</b>								
General Government	3,950,025	-	18,068	-	-	3,938,587	1,729,298	9,635,978
Public Safety	3,202,474	-	428,228	-	-	-	225,496	3,856,198
Public Works	70,296	4,433,845	-	-	-	-	-	4,504,141
Public Assistance	134,163	-	-	-	-	-	-	134,163
Culture and Recreation	-	-	-	-	-	-	96,542	96,542
Debt Service:								
Principal Payments	-	-	-	-	565,000	-	-	565,000
Interest and Fiscal Charges	-	-	-	-	65,664	-	-	65,664
<b>TOTAL DISBURSEMENTS</b>	<b>7,356,958</b>	<b>4,433,845</b>	<b>446,296</b>	<b>-</b>	<b>630,664</b>	<b>3,938,587</b>	<b>2,051,336</b>	<b>18,857,686</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>7,925,161</b>	<b>(1,226,074)</b>	<b>449,445</b>	<b>357,897</b>	<b>349,601</b>	<b>(3,478,797)</b>	<b>(1,606,096)</b>	<b>2,771,137</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	1,450,000	-	339,807	-	3,599,806	2,026,983	7,416,596
Transfers out	(7,416,596)	-	-	-	-	-	-	(7,416,596)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(7,416,596)</b>	<b>1,450,000</b>	<b>-</b>	<b>339,807</b>	<b>-</b>	<b>3,599,806</b>	<b>2,026,983</b>	<b>-</b>
Net Change in Fund Balances	508,565	223,926	449,445	697,704	349,601	121,009	420,887	2,771,137
<b>CASH BASIS FUND BALANCES - BEGINNING (as restated)</b>								
	5,176,679	169,321	3,208,091	1,568,788	1,816,875	3,210	1,783,004	13,725,968
<b>CASH BASIS FUND BALANCES - ENDING</b>								
	<u>\$ 5,685,244</u>	<u>\$ 393,247</u>	<u>\$ 3,657,536</u>	<u>\$ 2,266,492</u>	<u>\$ 2,166,476</u>	<u>\$ 124,219</u>	<u>\$ 2,203,891</u>	<u>\$ 16,497,105</u>

The notes to the financial statements are an integral part of this statement.

GAGE COUNTY  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
 June 30, 2020

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,709,030
 <b>LIABILITIES</b>	
Due to other governments	
State	663,833
Schools	542,607
Educational Service Units	6,352
Technical College	39,509
Natural Resource Districts	10,199
Fire Districts	7,409
Municipalities	126,164
Agricultural Society	1,782
Historical Society	409
Townships	270,187
Airport Authority	4,391
Others	36,188
<b>TOTAL LIABILITIES</b>	<b>1,709,030</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

## GAGE COUNTY

### NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

#### 1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies utilized in the accounting system of Gage County.

##### **A. Reporting Entity**

Gage County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

##### **Joint Organization.**

Behavioral Health Region V – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$93,201 toward the operation of the Region during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with Public Health Solutions (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department

## GAGE COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 1. Summary of Significant Accounting Policies (Continued)

during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2020). Financial information for the Department is available in that report.

#### **B. Basis of Presentation**

**Government-Wide Financial Statements.** The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

**Restricted.** This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

**Unrestricted.** This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

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

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

**Road Fund.** This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

**Inheritance Fund.** This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

**Road/Bridge Sinking Fund.** This fund is used to account for the costs associated with the construction and maintenance of roads and bridges in the County. It is primarily funded by State receipts.

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

**Judgment Fund.** This fund is to account for payments owed by Gage County for the Beatrice Six judgment. It is primarily funded by sales tax receipts and transfers from the General Fund.

The County reports the following additional non-major governmental fund types:

**Special Revenue Funds.** These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

**Agency Funds.** These funds account for assets held by the County as an agent for various local governments.

The County designates fund balances as follows:

**Restricted.** The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

**Committed.** The fund balance has been designated by the County Board for a specific purpose.

**Assigned.** The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

**Unassigned.** This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

## GAGE COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 1. Summary of Significant Accounting Policies (Continued)

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

#### **D. Assets and Net Position**

**Cash and Cash Equivalents.** The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

**Capital Assets.** Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

**Compensated Absences.** Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

**Restricted Net Position.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$2,695,532 of restricted net position, which is fully restricted by enabling legislation.

**Budgetary Process.** The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$16,497,105 for County funds and \$1,709,030 for Fiduciary funds. The bank balances for all funds totaled \$18,072,983. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.419768/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.419871/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2020) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2020, 121 employees contributed \$222,040, and the County contributed \$328,554. Contributions included \$8,986 in cash contributions towards the supplemental law enforcement plan for 16 law enforcement employees. Lastly, the County paid \$557 directly to five retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 98 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.



GAGE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. Risk Management** (Concluded)

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

	Transfers from General Fund
<b>Transfers to</b>	
Road Fund	\$ 1,450,000
Road/Bridge Sinking Fund	339,807
Judgment Fund	3,599,806
Nonmajor Funds	2,026,983
Total	\$ 7,416,596

Transfers are used to move unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**7. Long-Term Debt**

**Road Bonds 2013.** The County issued bonds on August 27, 2013 in the amount of \$5,640,000 for the purpose of paying the costs of improving and repaving certain highways, roads, and other related improvements within the County. The bond payable balance, as of June 30, 2020, was \$2,375,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	Principal	Interest	Total
2021	\$ 575,000	\$ 54,256	\$ 629,256
2022	585,000	41,055	626,055
2023	600,000	25,935	625,935
2024	615,000	8,918	623,918
Total Payments	\$ 2,375,000	\$ 130,164	\$ 2,505,164

Subsequent to the end of the fiscal year, the County Board authorized the early redemption of these bonds.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

**8. City of Beatrice Agreements**

Ambulance Agreement

The County entered into an agreement with the City of Beatrice on September 13, 2017, whereby the City of Beatrice will provide necessary ambulance services to certain areas located outside the city limits of Beatrice. The County paid the City of Beatrice \$180,000 for Ambulance Services during the fiscal year ending June 30, 2020.

Enhanced 911 Agreement

The County entered into an agreement with the City of Beatrice on August 16, 2017, whereby the City of Beatrice will operate and maintain an Enhanced 911 System and radio dispatch system to receive and dispatch emergency calls and calls for service from residents of Gage County. The County paid the City of Beatrice \$222,789 for Enhanced 911 Services during the fiscal year ending June 30, 2020.

**9. Beatrice Six Judgment**

In July 2016, a judgment was entered against Gage County for \$28.1 million in damages related to the Beatrice Six case. To pay this judgment, the County raised its property tax levy to the maximum, starting with tax year 2018. Effective January 1, 2020, the County also implemented a half cent sales tax, as allowed by the Qualified Judgment Payment Act, located at Neb. Rev. Stat. §§ 77-6401 to 77-6406 (Cum. Supp. 2020). As of June 30, 2020, the County paid \$5,838,587 towards the judgment. Subsequent to the end of the fiscal year, the County entered into settlement agreements with the County's insurance providers to receive \$5.98 million to be used towards paying off the judgment.

**10. Prior Period Adjustment**

The beginning fund balance of the Insurance Fund was increased by \$200,000 from the balance reported in the County's fiscal year 2019 audit report financial statements. This adjustment was made because a bank account related to the Insurance Fund was excluded from the prior audit report financial statements.

**GAGE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 13,116,910	\$ 13,116,910	\$ 12,409,720	\$ (707,190)
Licenses and Permits	66,500	66,500	118,760	52,260
Interest	100,000	100,000	353,627	253,627
Intergovernmental	408,425	408,425	1,605,502	1,197,077
Charges for Services	493,000	493,000	776,411	283,411
Miscellaneous	450,000	450,000	18,099	(431,901)
<b>TOTAL RECEIPTS</b>	<u>14,634,835</u>	<u>14,634,835</u>	<u>15,282,119</u>	<u>647,284</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	185,161	185,161	176,055	9,106
County Clerk	228,566	228,566	202,616	25,950
County Treasurer	309,002	309,002	308,499	503
Register of Deeds	158,876	158,876	155,179	3,697
County Assessor	312,694	312,694	290,229	22,465
Election Commissioner	117,318	117,318	95,725	21,593
Building and Zoning	4,850	4,850	1,277	3,573
Employment Security	40,000	40,000	364	39,636
Clerk of the District Court	157,384	157,384	153,722	3,662
County Court System	12,200	12,200	8,234	3,966
District Judge	126,169	126,169	113,343	12,826
Public Defender	166,100	166,100	164,765	1,335
Building and Grounds	444,658	444,658	265,330	179,328
Agricultural Extension Agent	120,000	120,000	81,649	38,351
Miscellaneous	4,329,419	4,329,343	1,933,038	2,396,305
Public Safety				
County Sheriff	1,323,000	1,323,000	1,316,895	6,105
County Attorney	454,180	454,180	430,466	23,714
Child Support	63,880	63,880	61,257	2,623
Shop With A Cop	13,216	13,216	1,146	12,070
County Jail	1,280,417	1,280,417	1,244,283	36,134
District Probation	73,518	73,518	57,234	16,284
Emergency Management	128,988	128,988	91,193	37,795
Public Works				
County Surveyor	93,409	93,409	67,830	25,579
Noxious Weed Control	4,300	4,300	2,466	1,834
Public Assistance				
Relief/Medical	60,650	60,650	14,294	46,356
Veterans' Aid	2,000	2,076	2,076	-
Veterans' Service Officer	88,795	88,795	87,205	1,590
Institutions	52,000	52,000	30,588	21,412
<b>TOTAL DISBURSEMENTS</b>	<u>10,350,750</u>	<u>10,350,750</u>	<u>7,356,958</u>	<u>2,993,792</u>

**GAGE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	4,284,085	4,284,085	7,925,161	3,641,076
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(8,310,764)	(8,310,764)	(7,416,596)	894,168
TOTAL OTHER FINANCING SOURCES (USES)	(8,310,764)	(8,310,764)	(7,416,596)	894,168
Net Change in Fund Balance	(4,026,679)	(4,026,679)	508,565	4,535,244
<b>FUND BALANCE - BEGINNING</b>	5,176,679	5,176,679	5,176,679	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,150,000</u>	<u>\$ 1,150,000</u>	<u>\$ 5,685,244</u>	<u>\$ 4,535,244</u>

(Concluded)

**GAGE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,839,459	\$ 2,839,459	\$3,189,234	\$ 349,775
Charges for Services	-	-	4,801	4,801
Miscellaneous	-	-	13,736	13,736
<b>TOTAL RECEIPTS</b>	<u>2,839,459</u>	<u>2,839,459</u>	<u>3,207,771</u>	<u>368,312</u>
<b>DISBURSEMENTS</b>	<u>5,925,164</u>	<u>5,925,164</u>	<u>4,433,845</u>	<u>1,491,319</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(3,085,705)</u>	<u>(3,085,705)</u>	<u>(1,226,074)</u>	<u>1,859,631</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,516,384	3,516,384	1,450,000	(2,066,384)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,516,384</u>	<u>3,516,384</u>	<u>1,450,000</u>	<u>(2,066,384)</u>
Net Change in Fund Balance	430,679	430,679	223,926	(206,753)
FUND BALANCE - BEGINNING	169,321	169,321	169,321	-
FUND BALANCE - ENDING	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 393,247</u>	<u>\$ (206,753)</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 895,741	\$ 895,741
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>895,741</u>	<u>895,741</u>
<b>DISBURSEMENTS</b>	<u>3,208,091</u>	<u>3,208,091</u>	<u>446,296</u>	<u>2,761,795</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(3,208,091)</u>	<u>(3,208,091)</u>	<u>449,445</u>	<u>3,657,536</u>
Net Change in Fund Balance	(3,208,091)	(3,208,091)	449,445	3,657,536
FUND BALANCE - BEGINNING	3,208,091	3,208,091	3,208,091	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,657,536</u>	<u>\$ 3,657,536</u>

(Continued)

**GAGE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD/BRIDGE SINKING FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ -	\$ -	\$ 357,897	\$ 357,897
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>357,897</b>	<b>357,897</b>
DISBURSEMENTS	1,908,595	1,908,595	-	1,908,595
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,908,595)	(1,908,595)	357,897	2,266,492
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	339,807	339,807	339,807	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>339,807</b>	<b>339,807</b>	<b>339,807</b>	<b>-</b>
Net Change in Fund Balance	(1,568,788)	(1,568,788)	697,704	2,266,492
FUND BALANCE - BEGINNING	1,568,788	1,568,788	1,568,788	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,266,492</u>	<u>\$ 2,266,492</u>
<b>ROAD BOND FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 951,760	\$ 951,760	\$ 883,749	\$ (68,011)
Intergovernmental	11,850	11,850	96,516	84,666
<b>TOTAL RECEIPTS</b>	<b>963,610</b>	<b>963,610</b>	<b>980,265</b>	<b>16,655</b>
DISBURSEMENTS	2,330,485	2,330,485	630,664	1,699,821
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,366,875)	(1,366,875)	349,601	1,716,476
Net Change in Fund Balance	(1,366,875)	(1,366,875)	349,601	1,716,476
FUND BALANCE - BEGINNING	1,816,875	1,816,875	1,816,875	-
FUND BALANCE - ENDING	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$2,166,476</u>	<u>\$ 1,716,476</u>

(Continued)

GAGE COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>JUDGMENT FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 459,790	\$ (540,210)
Miscellaneous	500,000	500,000	-	(500,000)
<b>TOTAL RECEIPTS</b>	<u>1,500,000</u>	<u>1,500,000</u>	<u>459,790</u>	<u>(1,040,210)</u>
<b>DISBURSEMENTS</b>	<u>4,883,016</u>	<u>4,883,016</u>	<u>3,938,587</u>	<u>944,429</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(3,383,016)</u>	<u>(3,383,016)</u>	<u>(3,478,797)</u>	<u>(95,781)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,379,806	3,379,806	3,599,806	220,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,379,806</u>	<u>3,379,806</u>	<u>3,599,806</u>	<u>220,000</u>
Net Change in Fund Balance	(3,210)	(3,210)	121,009	124,219
FUND BALANCE - BEGINNING	3,210	3,210	3,210	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,219</u>	<u>\$ 124,219</u>

(Concluded)

GAGE COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VISITOR'S PROMOTION FUND</b>				
Receipts	\$ 124,029	\$ 124,029	\$ 65,017	\$ (59,012)
Disbursements	(130,000)	(130,000)	(68,012)	61,988
Net Change in Fund Balance	(5,971)	(5,971)	(2,995)	2,976
Fund Balance - Beginning	5,971	5,971	5,971	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,976</u>	<u>\$ 2,976</u>
<b>VISITOR'S IMPROVEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 65,016	\$ 65,016
Disbursements	(259,505)	(259,505)	(28,530)	230,975
Net Change in Fund Balance	(259,505)	(259,505)	36,486	295,991
Fund Balance - Beginning	259,505	259,505	259,505	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,991</u>	<u>\$ 295,991</u>
<b>PRESERVATION &amp; MODERNIZATION FUND</b>				
Receipts	\$ -	\$ -	\$ 14,531	\$ 14,531
Disbursements	(33,025)	(33,025)	(10,888)	22,137
Net Change in Fund Balance	(33,025)	(33,025)	3,643	36,668
Fund Balance - Beginning	33,025	33,025	33,025	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,668</u>	<u>\$ 36,668</u>
<b>INSURANCE FUND</b>				
Receipts	\$ 900,000	\$ 900,000	\$ 265,070	\$ (634,930)
Disbursements	(2,200,000)	(2,200,000)	(1,536,248)	663,752
Transfers in	475,294	475,294	1,427,511	952,217
Transfers out	-	-	-	-
Net Change in Fund Balance	(824,706)	(824,706)	156,333	981,039
Fund Balance - Beginning (as restated)	824,706	824,706	1,024,706	200,000
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,039</u>	<u>\$ 1,181,039</u>
<b>STOP PROGRAM FUND</b>				
Receipts	\$ -	\$ -	\$ 6,960	\$ 6,960
Disbursements	(44,317)	(44,317)	(1,100)	43,217
Net Change in Fund Balance	(44,317)	(44,317)	5,860	50,177
Fund Balance - Beginning	44,317	44,317	44,317	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,177</u>	<u>\$ 50,177</u>

(Continued)



**GAGE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 2,548	\$ 2,548
Disbursements	(4,952)	(4,952)	(1,607)	3,345
Net Change in Fund Balance	(4,952)	(4,952)	941	5,893
Fund Balance - Beginning	4,952	4,952	4,952	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,893</u>	<u>\$ 5,893</u>
<b>ECONOMIC DEVELOPMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(200,000)	(200,000)	(138,849)	61,151
Transfers in	150,839	150,839	150,839	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(49,161)	(49,161)	11,990	61,151
Fund Balance - Beginning	49,161	49,161	49,161	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,151</u>	<u>\$ 61,151</u>
<b>911 EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 26,098	\$ 26,098
Disbursements	(260,000)	(260,000)	(222,789)	37,211
Transfers in	198,633	198,633	198,633	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(61,367)	(61,367)	1,942	63,309
Fund Balance - Beginning	61,367	61,367	61,367	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,309</u>	<u>\$ 63,309</u>
<b>COUNTY BUILDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(550,000)	(550,000)	(43,313)	506,687
Transfers in	250,000	250,000	250,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(300,000)	(300,000)	206,687	506,687
Fund Balance - Beginning	300,000	300,000	300,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,687</u>	<u>\$ 506,687</u>

(Concluded)

GAGE COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	Visitor's Promotion Fund	Visitor's Improvement Fund	Preservation & Modernization Fund	Insurance Fund	STOP Program Fund
<b>RECEIPTS</b>					
Property Taxes	\$ 65,017	\$ 65,016	\$ -	\$ -	\$ -
Charges for Services	-	-	14,531	-	6,960
Miscellaneous	-	-	-	265,070	-
<b>TOTAL RECEIPTS</b>	<u>65,017</u>	<u>65,016</u>	<u>14,531</u>	<u>265,070</u>	<u>6,960</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	10,888	1,536,248	-
Public Safety	-	-	-	-	1,100
Culture and Recreation	68,012	28,530	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>68,012</u>	<u>28,530</u>	<u>10,888</u>	<u>1,536,248</u>	<u>1,100</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,995)</u>	<u>36,486</u>	<u>3,643</u>	<u>(1,271,178)</u>	<u>5,860</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	1,427,511	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,427,511</u>	<u>-</u>
Net Change in Fund Balances	(2,995)	36,486	3,643	156,333	5,860
<b>FUND BALANCES - BEGINNING (as restated)</b>	<u>5,971</u>	<u>259,505</u>	<u>33,025</u>	<u>1,024,706</u>	<u>44,317</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,976</u>	<u>\$ 295,991</u>	<u>\$ 36,668</u>	<u>\$1,181,039</u>	<u>\$ 50,177</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	2,976	295,991	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	36,668	-	-
Committed to:					
Law Enforcement	-	-	-	-	50,177
County Buildings	-	-	-	-	-
Self Insurance	-	-	-	1,181,039	-
Economic Development	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 2,976</u>	<u>\$ 295,991</u>	<u>\$ 36,668</u>	<u>\$1,181,039</u>	<u>\$ 50,177</u>

(Continued)

GAGE COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	Drug Law Enforcement Fund	Economic Development Fund	911 Emergency Management Fund	County Building Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ 26,098	\$ -	\$ 156,131
Charges for Services	-	-	-	-	21,491
Miscellaneous	2,548	-	-	-	267,618
<b>TOTAL RECEIPTS</b>	<u>2,548</u>	<u>-</u>	<u>26,098</u>	<u>-</u>	<u>445,240</u>
<b>DISBURSEMENTS</b>					
General Government	-	138,849	-	43,313	1,729,298
Public Safety	1,607	-	222,789	-	225,496
Culture and Recreation	-	-	-	-	96,542
<b>TOTAL DISBURSEMENTS</b>	<u>1,607</u>	<u>138,849</u>	<u>222,789</u>	<u>43,313</u>	<u>2,051,336</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>941</u>	<u>(138,849)</u>	<u>(196,691)</u>	<u>(43,313)</u>	<u>(1,606,096)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	150,839	198,633	250,000	2,026,983
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>150,839</u>	<u>198,633</u>	<u>250,000</u>	<u>2,026,983</u>
Net Change in Fund Balances	941	11,990	1,942	206,687	420,887
<b>FUND BALANCES - BEGINNING (as restated)</b>	<u>4,952</u>	<u>49,161</u>	<u>61,367</u>	<u>300,000</u>	<u>1,783,004</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 5,893</u>	<u>\$ 61,151</u>	<u>\$ 63,309</u>	<u>\$ 506,687</u>	<u>\$ 2,203,891</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	298,967
911 Emergency Services	-	-	63,309	-	63,309
Drug Education	5,893	-	-	-	5,893
Preservation of Records	-	-	-	-	36,668
Committed to:					
Law Enforcement	-	-	-	-	50,177
County Buildings	-	-	-	506,687	506,687
Self Insurance	-	-	-	-	1,181,039
Economic Development	-	61,151	-	-	61,151
<b>TOTAL FUND BALANCES</b>	<u>\$ 5,893</u>	<u>\$ 61,151</u>	<u>\$ 63,309</u>	<u>\$ 506,687</u>	<u>\$ 2,203,891</u>

(Concluded)

**GAGE COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2020

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent
BALANCES JULY 1, 2019	\$ 198,064	\$ 24,339	\$ 123,682	\$ 24,315	\$ 2,779	\$ 1,782
<b>RECEIPTS</b>						
Property Taxes	-	-	-	17,437	-	-
Licenses and Permits	3,050	-	-	-	-	-
Intergovernmental	-	-	-	665	-	-
Charges for Services	6,374	154,436	43,274	45,872	1,483	-
Miscellaneous	3,182	-	-	5,138	3	12,170
State Fees	2,318	167,158	59,293	-	-	-
Other Liabilities	-	-	2,010,690	314,951	14,657	-
<b>TOTAL RECEIPTS</b>	<b>14,924</b>	<b>321,594</b>	<b>2,113,257</b>	<b>384,063</b>	<b>16,143</b>	<b>12,170</b>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	9,381	144,771	44,892	51,440	1,490	13,735
Payments to State Treasurer	1,824	150,083	57,756	-	-	-
Other Liabilities	3,182	-	2,063,214	337,771	17,432	-
<b>TOTAL DISBURSEMENTS</b>	<b>14,387</b>	<b>294,854</b>	<b>2,165,862</b>	<b>389,211</b>	<b>18,922</b>	<b>13,735</b>
BALANCES JUNE 30, 2020	<b>\$ 198,601</b>	<b>\$ 51,079</b>	<b>\$ 71,077</b>	<b>\$ 19,167</b>	<b>\$ -</b>	<b>\$ 217</b>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ 688	\$ 21,750	\$ 2,150	\$ 3,154	\$ -	\$ 217
Petty Cash	197,177	-	-	10,600	-	-
Due to State Treasurer	736	29,329	4,430	-	-	-
Due to Others	-	-	64,497	5,413	-	-
BALANCES JUNE 30, 2020	<b>\$ 198,601</b>	<b>\$ 51,079</b>	<b>\$ 71,077</b>	<b>\$ 19,167</b>	<b>\$ -</b>	<b>\$ 217</b>

(Continued)

GAGE COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2020

	Veterans' Service Officer	County Planning & Zoning	County Health Insurance	County Flex Spending	County Assessor	Total
BALANCES JULY 1, 2019	\$ 2,211	\$ -	\$ 200,000	\$ 3,934	\$ 29	\$ 581,135
<b>RECEIPTS</b>						
Property Taxes	-	-	-	-	-	17,437
Licenses and Permits	-	23,641	-	-	-	26,691
Intergovernmental	2,000	-	-	-	-	2,665
Charges for Services	-	-	-	-	164	251,603
Miscellaneous	7	-	1,228,113	-	-	1,248,613
State Fees	-	-	-	-	-	228,769
Other Liabilities	-	-	-	53,668	-	2,393,966
<b>TOTAL RECEIPTS</b>	<b>2,007</b>	<b>23,641</b>	<b>1,228,113</b>	<b>53,668</b>	<b>164</b>	<b>4,169,744</b>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	-	23,641	-	-	161	289,511
Payments to State Treasurer	-	-	-	-	-	209,663
Other Liabilities	1,720	-	1,228,113	49,779	-	3,701,211
<b>TOTAL DISBURSEMENTS</b>	<b>1,720</b>	<b>23,641</b>	<b>1,228,113</b>	<b>49,779</b>	<b>161</b>	<b>4,200,385</b>
BALANCES JUNE 30, 2020	<u>\$ 2,498</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 7,823</u>	<u>\$ 32</u>	<u>\$ 550,494</u>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ 2,498	\$ -	\$ -	\$ -	\$ 7	\$ 30,464
Petty Cash	-	-	200,000	-	25	407,802
Due to State Treasurer	-	-	-	-	-	34,495
Due to Others	-	-	-	7,823	-	77,733
BALANCES JUNE 30, 2020	<u>\$ 2,498</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 7,823</u>	<u>\$ 32</u>	<u>\$ 550,494</u>

(Concluded)

GAGE COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2020

Item	2015	2016	2017	2018	2019
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 40,223,034	\$ 41,298,473	\$ 41,275,534	\$ 45,602,416	\$ 45,186,288
Personal and Specials	3,916,721	4,187,555	5,234,946	5,244,593	5,237,507
<b>Total</b>	<b>44,139,755</b>	<b>45,486,028</b>	<b>46,510,480</b>	<b>50,847,009</b>	<b>50,423,795</b>
<b>Corrections</b>					
Additions	8,604	5,578	6,781	4,468	-
Deductions	(5,186)	(4,966)	(6,742)	(9,781)	(24,743)
Net Additions/ (Deductions)	3,418	612	39	(5,313)	(24,743)
<b>Corrected Certified Tax</b>	<b>44,143,173</b>	<b>45,486,640</b>	<b>46,510,519</b>	<b>50,841,696</b>	<b>50,399,052</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2016	26,497,614	-	-	-	-
June 30, 2017	17,623,700	27,601,122	-	-	-
June 30, 2018	10,668	17,867,614	28,474,636	-	-
June 30, 2019	6,191	9,234	18,015,247	30,431,140	-
June 30, 2020	3,607	5,375	16,852	20,383,325	30,221,404
<b>Total Net Collections</b>	<b>44,141,780</b>	<b>45,483,345</b>	<b>46,506,735</b>	<b>50,814,465</b>	<b>30,221,404</b>
<b>Total Uncollected Tax</b>	<b>\$ 1,393</b>	<b>\$ 3,295</b>	<b>\$ 3,784</b>	<b>\$ 27,231</b>	<b>\$ 20,177,648</b>
<b>Percentage Uncollected Tax</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.05%</b>	<b>40.04%</b>

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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## GAGE COUNTY

### **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**

Board of Supervisors  
Gage County, 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, each major fund, and the aggregate remaining fund information of Gage County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Gage County's basic financial statements, and have issued our report thereon dated February 24, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

#### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gage County'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 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*.

**Additional Items**

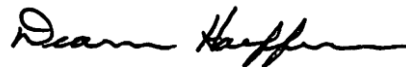
We also noted certain matters that we reported to the management of Gage County in a separate letter dated February 24, 2021.

**Gage County's Response to Findings**

Gage County declined to respond to the finding described above.

**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 result of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

February 24, 2021





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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February 24, 2021

Board of Supervisors  
Gage County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Gage County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated February 24, 2021. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

### COUNTY ATTORNEY

#### Alleged Forgery and Grant Reimbursement Requests

The County Attorney has implemented a diversion program and entered into an agreement with the Gage County MAPS (Multiple Agencies Partners for Success) Community Coalition to carry out that program. Gage County MAPS is a program of Beatrice Public Schools (School), whereby the School is responsible for the day-to-day operations of the diversion program. Although the majority of the day-to-day activities of the diversion program are the responsibility of the School, as a program implemented by the County, it is important for the County to exercise appropriate oversight and monitoring of program activities. We noted that there was an overall lack of oversight of the diversion program, as the Program Director, Christina Lyons, was primarily responsible for all aspects of the program, with limited, if any, secondary reviews or monitoring of the program activities performed.

During the audit, we learned that allegations of forgery by the Program Director had been brought to the County Board, which then referred them to the County Attorney. The Program Director is alleged to have forged the signature of the School's Superintendent on her timesheets, giving a false impression of his approval. The County receives grant funds for the diversion program through the Nebraska Crime Commission and, in turn, pays these funds to the School (i.e., Gage County MAPS). A claim is submitted to the County Board in order to pay the grant funds to the School. Along with the documentation provided to the County Board were timesheets containing the alleged forgery.


The County Attorney confirmed to our office that these allegations were brought to his attention and were investigated and discussed with the Program Director. Below is an example of the alleged forged signature of the School's Superintendent on one of the Program Director's timesheets that was submitted to the County Board.

	6:00	9:00		3		4-H Meeting
September 27	Sick				3.5	
<b>Week 4 Totals</b>			16	19	5	40
September 30	8:00	4:00	4	4		Office, QPR for SO
	6:00	8:00		2		Teammates Board Meeting
<b>Week 5 Totals</b>			4	6		10

Totals 60 72.5 41.5 174

Employee Signature Christina Lyons  
 Supervisor Signature Jason Alexander

Provided below is an example of the Superintendent's actual signature, from the School's 2021 budget filing with our office.

Sincerely,  
  
 Jason Alexander  
 Superintendent Beatrice Public Schools

Although several other County officials, including the County Board members, continued to have significant concerns regarding this alleged forgery, the Gage County Attorney determined that no further action regarding these allegations was warranted.

Such inaction appears problematic in light of the following State statutes.

Neb. Rev. Stat. § 28-603 (Reissue 2016) provides the following:

- (1) *Whoever, with intent to deceive or harm, falsely makes, completes, endorses, alters, or utters any written instrument which is or purports to be, or which is calculated to become or to represent if completed, a written instrument which does or may evidence, create, transfer, terminate, or otherwise affect a legal right, interest, obligation, or status, commits forgery in the second degree.*
- (2) *Forgery in the second degree is a Class IIA felony when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is five thousand dollars or more.*
- (3) *Forgery in the second degree is a Class IV felony when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is one thousand five hundred dollars or more but is less than five thousand dollars.*
- (4) *Forgery in the second degree is a Class I misdemeanor when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is five hundred dollars or more but is less than one thousand five hundred dollars.*

*(5) Forgery in the second degree is a Class II misdemeanor when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is less than five hundred dollars.*

*(6) For the purpose of determining the class of penalty for forgery in the second degree, the face values, or purported face values, or the amounts of any proceeds wrongfully procured or intended to be procured by the use of more than one such instrument, may be aggregated in the indictment or information if such instruments were part of the same scheme or course of conduct which took place within a sixty-day period and within one county. Such values or amounts shall not be aggregated into more than one offense.*

(Emphasis added.) We tested all grant reimbursement requests paid by the County to Gage County MAPS during the fiscal year ending June 30, 2020, and noted that these claims included \$41,692 in reimbursement for the Program Director's payroll. As highlighted above, § 28-603(2) makes forgery that results in the wrongful procurement of \$5,000 or more in proceeds a Class IIA felony. Per Neb. Rev. Stat. § 28-105 (Cum. Supp. 2020), conviction of a Class IIA felony carries a maximum penalty of 20 years imprisonment.

Additionally, as shown below, Neb. Rev. Stat. § 28-911 (Reissue 2016) prohibits "abuse of public records":

*(1) A person commits abuse of public records, if:*

*(a) He knowingly makes a false entry in or falsely alters any public record; or*

*(b) Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or*

*(c) Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or*

*(d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.*

*(2) As used in this section, the term public record includes all official books, papers, or records created, received, or used by or in any governmental office or agency.*

*(3) Abuse of public records is a Class II misdemeanor.*

It should be noted also that Neb. Rev. Stat. § 23-1608 (Reissue 2012) requires official action to be taken in response to an "irregularity or violation of any law" disclosed by an audit report, as follows:

*(3) At the same time a copy of the audit report is filed in the office of the county clerk, the auditor conducting the examination shall send written notice to the county board and the county attorney of the county concerned, the Auditor of Public Accounts, and the Attorney General of any irregularity or violation of any law disclosed by the audit report. It shall be the duty of the county attorney, within thirty days of the receipt of such notice, to institute appropriate proceedings against the offending officer or officers.*

*(4) If the county attorney fails to comply with the provisions of this section, it shall be the duty of the Attorney General to institute such proceedings against the offending officer or officers and he or she shall also institute proceedings for the removal of the county attorney from office. When notice is received of any irregularity or violation of any law in the office of the county attorney, it shall be the duty of the Attorney General to institute appropriate proceedings against the county attorney within thirty days after the giving of such notice if the county attorney has failed to institute such proceedings.*

(Emphasis added.) Furthermore, Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2010) of the Nebraska Political Accountability and Disclosure Act, which is set out at Neb. Rev. Stat. § 49-1401 et seq. (Reissue 2010, Cum. Supp. 2020), restricts the use of resources under the "official care and control" of a public official or public employee, as follows:

*A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.*

Along with the issue of alleged forgery by the Program Director, we noted other concerns regarding the documentation that the County received to support the grant reimbursement requests. For instance, one other program employee’s payroll, totaling \$3,830, was also submitted for reimbursement under the grant. No documentation, such as pay stubs, payroll registers, etc., was received for the employee to support that the hours worked per the timesheet agreed to the hours actually paid or to verify that the amount of pay submitted for reimbursement by the grant agreed to the amount actually paid.

Finally, the table below provides details regarding other instances of insufficient documentation being provided to support grant reimbursement requests:

Claim #	Date	Payee	Unsupported Costs	Description
19070019	7/3/2019	Gage County MAPS	\$ 140	A \$720 reimbursement request was submitted for costs paid to The Resolution Center; documentation was received for only \$580 of those costs.
19120119	12/18/2019	Gage County MAPS	\$ 600	The cost of four substitute teachers, at \$150/day, was reimbursed by the grant to replace four teachers who attended a SCIP conference. No detailed payroll documentation, such as paystubs or payroll register, was received to support these costs.
			\$ 466	Support received for various purchases from Amazon.com contained only order totals; the support did not itemize the purchases.
Various			\$ 45,522	Unsupported payroll costs – see above.
<b>Total Costs Lacking Adequate Documentation</b>			<b>\$ 46,728</b>	

Aside from the possible statutory concerns identified already, good internal controls require procedures to ensure the exercise of proper oversight of the diversion program to confirm that, among other things, timesheets are actually signed by a knowledgeable supervisor able to verify that the claimed hours were actually worked, and all costs submitted for reimbursement under the grant are supported by adequate documentation.

Without such procedures, there is an increased risk for loss and/or misuse of funds, including undetected theft or other irregularities such as the misappropriation of grant funding.

We recommend the Gage County Attorney institute appropriate proceedings within 30 days after receipt of the audit report, as required by § 23-1608. Additionally, we recommend the County Attorney and the County Board implement procedures to ensure appropriate oversight of the Diversion Program, including confirming timesheets are signed by a knowledgeable supervisor, and all costs submitted for reimbursement by the grant are supported by adequate documentation. Because this comment addresses possible violations of State law, we are also forwarding the information herein to both the Nebraska Attorney General and the Nebraska Accountability and Disclosure Commission for further review.

**Other Diversion Program Issues**

Diversion Fee Procedures

We noted also that the Program Director was responsible for receiving all diversion fees paid by program participants and ensuring that those monies were remitted to the School. No one else was involved in reviewing diversion fee receipts to ensure that the appropriate amounts were received from participants and then remitted to, as well as subsequently deposited by, the School, per the agreement. Based on the receipt books provided to us, a total of \$13,745 in diversion fees was received during the fiscal year. However, the amount actually received by the School per School records was \$16,055. The primary cause of the \$2,310 difference appears to have been the Program Director’s failure to issue receipts for fees received in the mail.

Moreover, the Program Director also had authority to waive all or a portion of the standard diversion fees, without a required, documented approval from the County Attorney. Per discussion with the County Attorney, the Program Director may discuss with him when fees are waived; however, these discussions are typically verbal only and no required, formal documentation is maintained. When the same individual responsible for collecting diversion fees also has authority to waive fees without a documented approval from the County Attorney, an opportunity is created for the Program Director to receive diversion fees in cash, retain them for personal use, and document the fees as waived in the case file.

If such a series of events were to occur, the financial records of the diversion program would provide no indication that the cash diversion fees were missing.

#### Diversion Program Agreement

The County was unable to provide a current diversion program agreement with the School. The most current agreement available expired on June 30, 2016. Although no current agreement is on file, the County and School appear to be continuing to follow the responsibilities set forth in the agreement that ended on June 30, 2016.

Good internal controls require procedures to ensure: 1) one person is not in a position both to perpetrate and to conceal financial errors or irregularities; and 2) diversion fee receipts are protected and remitted to the School, in accordance with the agreement; and 3) the agreement with the School is kept current.

Without such procedures, there is an increased risk for theft or other financial irregularities occurring and remaining undetected.

We recommend the County Attorney and County Board undertake a thorough review of all financial records of the diversion program to ensure no irregularities have occurred. We further recommend all current procedures related to the diversion program are reviewed in detail, and changes are implemented to address the concerns identified herein, including ensuring that: 1) one person is not in a position both to perpetrate and to conceal financial errors or irregularities; 2) diversion fee receipts are protected and remitted to the School, in accordance with the agreement; and 3) the agreement with the School is kept current.

*County Attorney's Overall Response: In reference to recommendations of the state auditor, the county attorney has changed the protocol to require all diversion fees to be deposited with the county attorney's office for accounting and then taken to the Gage County Treasurer by personnel of the county attorney. The funds will then be sent to Beatrice Public Schools on a regular basis as set forth in the new MOU. Further, the diversion coordinator will maintain a list of defendants and juveniles referred for diversion and the amount of fees paid by them which shall be reconciled with the county attorney office and deposits on a monthly basis.*

*In regard to the notations involving conduct of the diversion director, the matter is under current review and will be addressed in an appropriate manner as determined by the parties involved. The county attorney has already made changes to assure there will not be any time statements submitted without the proper signatures. There may be further changes in procedure as the details in the MOU between the school and the county are reviewed.*

### **COUNTY CLERK OF THE DISTRICT COURT**

#### **Review of Monthly Case Balance Report**

We noted that the Clerk of the District Court was not reviewing the Monthly Case Balance Report adequately to ensure that the balances therein were proper, and appropriate and timely action was taken on those balances. Three of eight case balances tested, totaling \$259, were not correct and current.

Good internal control and sound business practices require trust case balances of the District Court to be reviewed on an ongoing, timely basis to determine what action, if any, should be taken to resolve those balances.

Without such procedures, there is an increased risk of errors, omissions, or irregularities not being detected and resolved in a timely manner.

We recommend the District Court perform a detailed review of all monthly financial reports, including the Monthly Case Balance Report, and take appropriate action, as necessary, to resolve the balances therein.

### **Review of Overdue Case Account Report**

We noted that the District Court was not performing adequate follow-up procedures to resolve the overdue balances on the Overdue Case Account Report (Report). Nine of 10 balances tested, totaling \$26,519, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the overdue balances.

As of July 17, 2020, the Report contained 117 overdue criminal case balances, totaling \$78,281. Of these cases, only five had a current warrant or suspension issued for nonpayment.

Good internal control and sound business practice require procedures to ensure that the Report is reviewed on an ongoing, timely basis to determine what action, if any, should be taken to collect or otherwise resolve the overdue balances.

Without such procedures, there is an increased risk for loss of funds.

We recommend the District Court implement procedures to ensure the Report is reviewed on an ongoing, timely basis and appropriate follow-up action is taken. Potential courses of action for follow-up would include issuance of warrants, a judge's determination and order to waive certain costs, if allowable, or a declaration of certain balances as uncollectible.

## **COUNTY SHERIFF**

### **Unknown Balance**

As of June 30, 2020, the County Sheriff had an unknown balance of \$3,065 in the Jail Commissary bank account. The County Sheriff was unable to identify to whom these funds were owed.

Sound accounting practice and good internal control require procedures to ensure that office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (unremitted fees and trust accounts) on at least a monthly basis. Those procedures should include the timely identification and resolution of all variances noted.

Without such procedures, there is an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Sheriff implement procedures for reviewing, at least monthly, office assets. Those same procedures should provide for remitting any balance that cannot be accounted for to the County Treasurer.

## **COUNTY OVERALL**

### **Segregation of Duties**

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

This was also noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

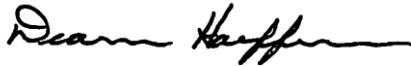
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner, CPA  
Assistant Deputy Auditor