

**AUDIT REPORT
OF
CUSTER COUNTY**

JULY 1, 2021, THROUGH JUNE 30, 2022

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the Auditor of Public Accounts.**

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Issued on December 6, 2022

CUSTER COUNTY

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CUSTER COUNTY
431 S. 10th St.
Broken Bow, NE 68822

LIST OF COUNTY OFFICIALS
At June 30, 2022

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Dwain Bryner	Jan. 2025
	Barry Fox	Jan. 2023
	Tammy Kleeb	Jan. 2025
	Lynn Longmore	Jan. 2025
	Robert Myers	Jan. 2023
	Donald Olson	Jan. 2023
	Doug Stunkel	Jan. 2023
Assessor	Lana Lymber	Jan. 2023
Attorney	Steven Bowers	Jan. 2023
Clerk Election Commissioner	Conni Gracey	Jan. 2023
Register of Deeds	Christie Trumbull	Jan. 2023
Clerk of the District Court	Amy Oxford	Jan. 2023
Sheriff	Dan Osmond	Jan. 2023
Treasurer	Sheri Bryant	Jan. 2023
Surveyor	Jay Gormley	Jan. 2023
Veterans' Service Officer	Emory Haynes	Appointed
Weed Superintendent	Tim Conover	Appointed
Highway Superintendent	Chris Jacobsen	Appointed
Recycling Center	Kelly Flynn	Appointed
Planning & Zoning	Darci Tibbs	Appointed
Emergency Manager	Mark Rempe	Appointed



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CUSTER COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Custer County, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Custer County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 the aggregate remaining fund information of Custer County as of June 30, 2022, and the respective changes in cash-basis financial position for the year then ended in accordance with the 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 County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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 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 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 County'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 County'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 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, pages 18-30, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 28, 2022, on our consideration of Custer 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Custer County's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Jeff Schreier".

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

November 28, 2022

CUSTER COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2022

	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 13,630,366
Investments (Note 1.D)	2,746,351
TOTAL ASSETS	<u>\$ 16,376,717</u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 71,435
911 Emergency Services	248,419
Drug Education	3,078
Law Enforcement	24,180
Preservation of Records	17,330
Debt Service	1,036
Road/Bridge Maintenance	1,014,488
Economic Development	179,360
Federal Relief	1,046,647
Unrestricted	<u>13,770,744</u>
TOTAL NET POSITION	<u>\$ 16,376,717</u>

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

CUSTER COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2022

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,667,443)	\$ 682,047	\$ 113,125	\$ (2,872,271)
Public Safety	(2,259,310)	67,693	226,260	(1,965,357)
Public Works	(7,486,947)	210,759	6,123,541	(1,152,647)
Public Assistance	(95,984)	-	-	(95,984)
Culture and Recreation	(90,390)	-	-	(90,390)
Debt Payments	(215,196)	-	-	(215,196)
Total Governmental Activities	<u>\$ (13,815,270)</u>	<u>\$ 960,499</u>	<u>\$ 6,462,926</u>	<u>(6,391,845)</u>

General Receipts:

Taxes	8,151,956
Grants and Contributions Not Restricted to Specific Programs	1,216,953
Investment Income	32,780
Licenses and Permits	73,645
Miscellaneous	251,149
Total General Receipts	<u>9,726,483</u>
Change in Net Position	3,334,638
Net Position - Beginning of year	13,042,079
Net Position - End of year	<u>\$ 16,376,717</u>

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

CUSTER COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 2,513,661	\$ 5,613,966	\$ 1,719,729	\$ 3,783,010	\$ 13,630,366
Investments (Note 1.D)	-	-	2,746,351	-	2,746,351
TOTAL ASSETS	<u>\$ 2,513,661</u>	<u>\$ 5,613,966</u>	<u>\$ 4,466,080</u>	<u>\$ 3,783,010</u>	<u>\$ 16,376,717</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	71,435	71,435
911 Emergency Services	-	-	-	248,419	248,419
Drug Education	-	-	-	3,078	3,078
Law Enforcement	-	-	-	24,180	24,180
Preservation of Records	-	-	-	17,330	17,330
Debt Service	-	-	-	1,036	1,036
Road/Bridge Maintenance	-	-	-	1,014,488	1,014,488
Economic Development	-	-	-	179,360	179,360
Federal Relief	-	-	-	1,046,647	1,046,647
Committed to:					
Law Enforcement	-	-	-	199,849	199,849
Road Maintenance	-	5,613,966	-	-	5,613,966
Aid and Assistance	-	-	-	97,540	97,540
Miscellaneous Projects	-	-	-	878,569	878,569
Disaster Recovery	-	-	-	1,079	1,079
Assigned to:					
Other Purposes	-	-	4,466,080	-	4,466,080
Unassigned	2,513,661	-	-	-	2,513,661
TOTAL CASH BASIS FUND BALANCES	<u>\$ 2,513,661</u>	<u>\$ 5,613,966</u>	<u>\$ 4,466,080</u>	<u>\$ 3,783,010</u>	<u>\$ 16,376,717</u>

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

CUSTER COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS					
Taxes	\$6,940,815	\$ -	\$ 709,822	\$ 501,319	\$ 8,151,956
Licenses and Permits	73,645	-	-	-	73,645
Investment Income	28,887	-	-	3,893	32,780
Intergovernmental	1,239,566	5,683,432	-	756,881	7,679,879
Charges for Services	718,827	210,759	-	30,913	960,499
Miscellaneous	103,621	89,742	-	57,786	251,149
TOTAL RECEIPTS	<u>9,105,361</u>	<u>5,983,933</u>	<u>709,822</u>	<u>1,350,792</u>	<u>17,149,908</u>
DISBURSEMENTS					
General Government	3,438,741	-	105,612	123,090	3,667,443
Public Safety	1,771,625	-	-	487,685	2,259,310
Public Works	284,379	6,812,077	-	390,491	7,486,947
Public Assistance	90,984	-	-	5,000	95,984
Culture and Recreation	-	-	-	90,390	90,390
Debt Service:					
Principal Payments	-	-	-	190,000	190,000
Interest and Fiscal Charges	-	-	-	25,196	25,196
TOTAL DISBURSEMENTS	<u>5,585,729</u>	<u>6,812,077</u>	<u>105,612</u>	<u>1,311,852</u>	<u>13,815,270</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,519,632</u>	<u>(828,144)</u>	<u>604,210</u>	<u>38,940</u>	<u>3,334,638</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,954,021	568,590	340,570	4,863,181
Transfers out	(3,704,021)	-	(430,000)	(729,160)	(4,863,181)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,704,021)</u>	<u>3,954,021</u>	<u>138,590</u>	<u>(388,590)</u>	<u>-</u>
Net Change in Fund Balances	(184,389)	3,125,877	742,800	(349,650)	3,334,638
CASH BASIS FUND BALANCES - BEGINNING	<u>2,698,050</u>	<u>2,488,089</u>	<u>3,723,280</u>	<u>4,132,660</u>	<u>13,042,079</u>
CASH BASIS FUND BALANCES - ENDING	<u><u>\$2,513,661</u></u>	<u><u>\$5,613,966</u></u>	<u><u>\$4,466,080</u></u>	<u><u>\$3,783,010</u></u>	<u><u>\$ 16,376,717</u></u>

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

CUSTER COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
FIDUCIARY FUNDS
For the Year Ended June 30, 2022

	Custodial Fund Balances July 1, 2021	Receipts	Disbursements	Custodial Fund Balances June 30, 2022
ASSETS				
Cash and Cash Equivalents (Note 1.D)	\$ 1,232,571	\$ 45,468,924	\$ 45,249,369	\$ 1,452,126
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	274,897	3,834,515	3,759,590	349,822
State - Collected by Other Offices	14,827	241,738	238,305	18,260
Schools	390,409	29,822,673	29,816,140	396,942
Educational Service Units	4,466	542,153	541,945	4,674
Technical College	22,206	2,709,814	2,708,584	23,436
Natural Resource Districts	8,571	1,077,861	1,076,830	9,602
Cemetery Districts	63	8,986	8,994	55
Fire Districts	4,850	654,364	653,612	5,602
Hospital Districts	3,213	331,812	333,638	1,387
Reclamation Districts	367	62,384	62,201	550
Municipalities	111,044	2,585,872	2,619,466	77,450
Townships	79,581	2,008,141	2,038,906	48,816
Agricultural Society	1,472	180,502	180,407	1,567
Others - Collected by County Treasurer	46,393	373,195	301,241	118,347
Others - Collected by Other Offices	270,212	1,034,914	909,510	395,616
TOTAL LIABILITIES	<u>1,232,571</u>	<u>45,468,924</u>	<u>45,249,369</u>	<u>1,452,126</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

Custer 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 III – 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 III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

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 \$28,429 toward the operation of the Region during fiscal year 2022. 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 the Loup Basin Public Health Department (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).

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 during fiscal year 2022. 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) (Supp. 2021). 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.

CUSTER 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.

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.

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

Debt Service Fund. The Building Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

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 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.

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.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand, certificates of deposit, 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 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 \$2,605,973 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 and County Budget Act of 1937. 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.

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.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$13,630,366 for County funds and \$1,452,126 for Fiduciary funds. The bank balances for all funds totaled \$14,952,706. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$2,746,351 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **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 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at \$.209046/\$100 of assessed valuation. The levy set in October 2020, for the 2020 taxes, which were materially collected in May and September 2021, was set at \$.200876/\$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.

The tax receipts classification also contains collections from the assessment of inheritance taxes, 911 surcharges, and lodging taxes.

CUSTER 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, 2022 Neb. Laws LB 700, §§ 1-3) 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, 2022, 117 employees contributed \$216,662, and the County contributed \$322,512. Contributions included \$4,962 in cash contributions towards the supplemental law enforcement plan for eight law enforcement employees. Lastly, the County paid \$166 directly to two 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 106 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 the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the county's period of membership.

CUSTER 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, 2022, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 3,704,021	\$ 250,000	\$ -	\$ 3,954,021
Inheritance Fund	-	-	568,590	568,590
Nonmajor Funds	-	180,000	160,570	340,570
Total	<u>\$ 3,704,021</u>	<u>\$ 430,000</u>	<u>\$ 729,160</u>	<u>\$ 4,863,181</u>

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

In the year ended June 30, 2022, the County made a one-time transfer of \$568,590 from the Disaster Relief Fund to the Inheritance Fund after disaster loan repayments were received from the County's townships.

7. Long-Term Obligations

The County issued bonds on June 10, 2015, in the amount of \$3,000,000 for the purpose of paying the costs of constructing, equipping, and furnishing a new judicial building. The bond payable balance, as of June 30, 2022, was \$810,000. 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
2023	\$ 195,000	\$ 20,805	\$ 215,805
2024	200,000	16,418	216,418
2025	205,000	11,417	216,417
2026	210,000	5,985	215,985
Total Payments	<u>\$ 810,000</u>	<u>\$ 54,625</u>	<u>\$ 864,625</u>

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. **Notes Receivable**

Emergency Appropriations. On May 21, 2019, the County Board approved a transfer of \$1,000,000 from the Inheritance Fund to the Disaster Relief Fund to fund temporary emergency appropriation loans to County townships for emergency management purposes. The original loan terms required repayment of such loans to be made within one year from the loan execution; however, the County Board approved extensions for seven townships. Repayment must be made from all available funding, including Federal reimbursements, and property taxes. As of June 30, 2022, six townships had outstanding amounts owed to the County totaling \$432,876.

Department of Economic Development – Community Development Block Grants. In 2002, the County received a Community Development Block Grant from the Nebraska Department of Economic Development (DED) in the amount of \$400,440. Over the years, the amount was loaned to various businesses who, in turn, repaid the money to the County. The DED program has now ended, and any money left in the Fund or still being returned to the County is being used as a match for projects approved by the DED or to make new Housing Rehabilitation Program loans. As of June 30, 2022, the County had seven outstanding Revolving Loan Fund loans, totaling \$407,288, and nine outstanding Housing Rehabilitation Program loans, totaling \$187,692. The County has contracted with Custer Economic Development Corporation for the administration of these loans.

9. **Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 7,403,371	\$ 7,403,371	\$ 6,940,815	\$ (462,556)
Licenses and Permits	42,000	42,000	73,645	31,645
Investment Income	20,100	20,100	28,887	8,787
Intergovernmental	1,057,757	1,057,757	1,239,566	181,809
Charges for Services	602,928	602,928	718,827	115,899
Miscellaneous	335,000	335,000	103,621	(231,379)
TOTAL RECEIPTS	9,461,156	9,461,156	9,105,361	(355,795)
DISBURSEMENTS				
General Government:				
County Board	189,051	189,051	186,804	2,247
County Clerk	115,746	115,746	115,074	672
County Treasurer	315,781	315,781	306,939	8,842
Register of Deeds	117,368	117,368	116,095	1,273
County Assessor	247,781	247,781	214,415	33,366
Election Commissioner	76,487	76,487	61,182	15,305
Building and Zoning	58,389	58,389	56,322	2,067
Data Processing	134,560	134,560	132,344	2,216
Clerk of the District Court	128,828	128,828	120,798	8,030
County Court System	15,215	15,215	4,689	10,526
District Judge	25,600	25,600	22,300	3,300
Judicial Center	74,825	74,825	66,201	8,624
District Court Child Support	14,052	14,052	6,004	8,048
Building & Grounds	110,958	110,958	90,424	20,534
Reappraisal	65,205	65,205	47,058	18,147
Agricultural Extension Agent	132,096	132,096	122,668	9,428
County Building	36,650	36,650	15,704	20,946
Judicial Center Miscellaneous	18,130	18,130	10,821	7,309
Personnel Department	408,110	409,836	409,836	-
Employment Security	30,000	30,000	-	30,000
Insurance	1,149,501	1,149,501	836,807	312,694
GIS Department	30,000	30,000	26,156	3,844
Miscellaneous	551,157	549,431	470,100	79,331
Public Safety				
County Sheriff	766,799	766,799	765,149	1,650
County Attorney	221,223	221,223	212,116	9,107
County Jail	311,090	311,090	299,488	11,602
Emergency Management	165,640	165,640	165,550	90
County Attorney Child Support	110,751	110,751	107,045	3,706
Grants	757,531	757,531	222,277	535,254

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	83,801	83,801	76,484	7,317
Noxious Weed Control	52,975	52,975	47,995	4,980
Recycling	167,323	167,323	159,900	7,423
Public Assistance				
Veterans' Service Officer	91,945	91,945	86,909	5,036
Relief	50,000	50,000	2,200	47,800
Institutions	10,000	10,000	1,875	8,125
TOTAL DISBURSEMENTS	6,834,568	6,834,568	5,585,729	1,248,839
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,626,588	2,626,588	3,519,632	893,044
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(3,524,638)	(3,524,638)	(3,704,021)	(179,383)
TOTAL OTHER FINANCING SOURCES (USES)	(3,524,638)	(3,524,638)	(3,704,021)	(179,383)
Net Change in Fund Balance	(898,050)	(898,050)	(184,389)	713,661
FUND BALANCE - BEGINNING	2,698,050	2,698,050	2,698,050	-
FUND BALANCE - ENDING	\$ 1,800,000	\$ 1,800,000	\$ 2,513,661	\$ 713,661

(Concluded)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 3,774,811	\$ 3,774,811	\$5,683,432	\$ 1,908,621
Charges for Services	185,000	185,000	210,759	25,759
Miscellaneous	80,000	80,000	89,742	9,742
TOTAL RECEIPTS	<u>4,039,811</u>	<u>4,039,811</u>	<u>5,983,933</u>	<u>1,944,122</u>
DISBURSEMENTS	<u>11,302,538</u>	<u>11,302,538</u>	<u>6,812,077</u>	<u>4,490,461</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(7,262,727)</u>	<u>(7,262,727)</u>	<u>(828,144)</u>	<u>6,434,583</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,774,638	5,774,638	3,954,021	(1,820,617)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,774,638</u>	<u>5,774,638</u>	<u>3,954,021</u>	<u>(1,820,617)</u>
Net Change in Fund Balance	(1,488,089)	(1,488,089)	3,125,877	4,613,966
FUND BALANCE - BEGINNING	<u>2,488,089</u>	<u>2,488,089</u>	<u>2,488,089</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$5,613,966</u>	<u>\$ 4,613,966</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 500,000	\$ 500,000	\$ 709,822	\$ 209,822
TOTAL RECEIPTS	<u>500,000</u>	<u>500,000</u>	<u>709,822</u>	<u>209,822</u>
DISBURSEMENTS	<u>2,803,280</u>	<u>2,803,280</u>	<u>105,612</u>	<u>2,697,668</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,303,280)</u>	<u>(2,303,280)</u>	<u>604,210</u>	<u>2,907,490</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,010,000	1,010,000	568,590	(441,410)
Transfers out	(2,430,000)	(2,430,000)	(430,000)	2,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,420,000)</u>	<u>(1,420,000)</u>	<u>138,590</u>	<u>1,558,590</u>
Net Change in Fund Balance	(3,723,280)	(3,723,280)	742,800	4,466,080
FUND BALANCE - BEGINNING	<u>3,723,280</u>	<u>3,723,280</u>	<u>3,723,280</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,466,080</u>	<u>\$ 4,466,080</u>

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK PROGRAM FUND				
Receipts	\$ 440,763	\$ 440,763	\$ 440,118	\$ (645)
Disbursements	(1,405,624)	(1,405,624)	(390,491)	1,015,133
Net Change in Fund Balance	(964,861)	(964,861)	49,627	1,014,488
Fund Balance - Beginning	964,861	964,861	964,861	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,488</u>	<u>\$ 1,014,488</u>
SINKING FUND				
Receipts	\$ 50,617	\$ 50,617	\$ 54,643	\$ 4,026
Disbursements	(879,849)	(879,849)	(5,306)	874,543
Net Change in Fund Balance	(829,232)	(829,232)	49,337	878,569
Fund Balance - Beginning	829,232	829,232	829,232	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,569</u>	<u>\$ 878,569</u>
VISITOR PROMOTION FUND				
Receipts	\$ 48,000	\$ 48,000	\$ 56,170	\$ 8,170
Disbursements	(47,325)	(47,325)	(46,440)	885
Net Change in Fund Balance	675	675	9,730	9,055
Fund Balance - Beginning	19,325	19,325	19,325	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 29,055</u>	<u>\$ 9,055</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 48,000	\$ 48,000	\$ 56,170	\$ 8,170
Disbursements	(58,160)	(58,160)	(43,950)	14,210
Net Change in Fund Balance	(10,160)	(10,160)	12,220	22,380
Fund Balance - Beginning	30,160	30,160	30,160	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 42,380</u>	<u>\$ 22,380</u>
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 11,059	\$ 11,059	\$ 9,520	\$ (1,539)
Disbursements	(31,440)	(31,440)	(12,571)	18,869
Net Change in Fund Balance	(20,381)	(20,381)	(3,051)	17,330
Fund Balance - Beginning	20,381	20,381	20,381	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,330</u>	<u>\$ 17,330</u>

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 787	\$ 787
Disbursements	(101,763)	(101,763)	(5,000)	96,763
Net Change in Fund Balance	(101,763)	(101,763)	(4,213)	97,550
Fund Balance - Beginning	101,763	101,763	101,753	(10)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,540</u>	<u>\$ 97,540</u>
STOP PROGRAM FUND				
Receipts	\$ 13,461	\$ 13,461	\$ 2,517	\$ (10,944)
Disbursements	(20,000)	(20,000)	(9,056)	10,944
Net Change in Fund Balance	(6,539)	(6,539)	(6,539)	-
Fund Balance - Beginning	6,539	6,539	6,539	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 16,922	\$ 16,922	\$ -	\$ (16,922)
Disbursements	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	(3,078)	(3,078)	-	3,078
Fund Balance - Beginning	3,078	3,078	3,078	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,078</u>	<u>\$ 3,078</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ 18	\$ 18
Disbursements	(41,522)	(41,522)	(17,360)	24,162
Net Change in Fund Balance	(41,522)	(41,522)	(17,342)	24,180
Fund Balance - Beginning	41,522	41,522	41,522	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,180</u>	<u>\$ 24,180</u>
REUSE GRANT FUND				
Receipts	\$ 147,484	\$ 147,484	\$ 54,647	\$ (92,837)
Disbursements	-	-	(4,258)	(4,258)
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(101,816)	98,184
Net Change in Fund Balance	(52,516)	(52,516)	(51,427)	1,089
Fund Balance - Beginning	52,516	52,516	52,516	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ 1,089</u>

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HOUSING REUSE GRANT FUND				
Receipts	\$ 148,399	\$ 148,399	\$ 3,126	\$ (145,273)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(150,000)	(150,000)	(2,727)	147,273
Net Change in Fund Balance	(1,601)	(1,601)	399	2,000
Fund Balance - Beginning	1,601	1,601	1,601	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
REPURPOSED CDBG HOUSING FUND				
Receipts	\$ -	\$ -	\$ 175	\$ 175
Disbursements	(521,335)	(521,335)	(99,782)	421,553
Transfers in	350,000	350,000	104,543	(245,457)
Transfers out	-	-	-	-
Net Change in Fund Balance	(171,335)	(171,335)	4,936	176,271
Fund Balance - Beginning	171,335	171,335	171,335	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,271</u>	<u>\$ 176,271</u>
DISASTER RELIEF FUND				
Receipts	\$ 565,974	\$ 565,974	\$ 125,643	\$ (440,331)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,010,000)	(1,010,000)	(568,590)	441,410
Net Change in Fund Balance	(444,026)	(444,026)	(442,947)	1,079
Fund Balance - Beginning	444,026	444,026	444,026	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,079</u>	<u>\$ 1,079</u>
COVID AMERICAN RESCUE PLAN FUND				
Receipts	\$ 1,046,653	\$ 1,046,653	\$ 1,167	\$ (1,045,486)
Disbursements	(2,093,306)	(2,093,306)	(1,173)	2,092,133
Net Change in Fund Balance	(1,046,653)	(1,046,653)	(6)	1,046,647
Fund Balance - Beginning	1,046,653	1,046,653	1,046,653	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,647</u>	<u>\$ 1,046,647</u>

(Continued)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 WIRELESS SERVICE FUND				
Receipts	\$ 55,339	\$ 55,339	\$ 55,340	\$ 1
Disbursements	(41,339)	(41,339)	-	41,339
Transfers in	-	-	-	-
Transfers out	(55,349)	(55,349)	(56,027)	(678)
Net Change in Fund Balance	(41,349)	(41,349)	(687)	40,662
Fund Balance - Beginning	41,349	41,349	41,349	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,662</u>	<u>\$ 40,662</u>
E911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(208,132)	(208,132)	-	208,132
Transfers in	41,349	41,349	41,349	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(166,783)	(166,783)	41,349	208,132
Fund Balance - Beginning	166,783	166,783	166,408	(375)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,757</u>	<u>\$ 207,757</u>
BUILDING BOND FUND				
Receipts	\$ -	\$ -	\$ 161	\$ 161
Disbursements	(216,071)	(216,071)	(215,196)	875
Transfers in	180,000	180,000	180,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(36,071)	(36,071)	(35,035)	1,036
Fund Balance - Beginning	36,071	36,071	36,071	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036</u>	<u>\$ 1,036</u>
COMMUNICATIONS FUND				
Receipts	\$ 430,600	\$ 430,600	\$ 490,590	\$ 59,990
Disbursements	(535,450)	(535,450)	(461,269)	74,181
Transfers in	14,000	14,000	14,678	678
Transfers out	-	-	-	-
Net Change in Fund Balance	(90,850)	(90,850)	43,999	134,849
Fund Balance - Beginning	155,850	155,850	155,850	-
Fund Balance - Ending	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 199,849</u>	<u>\$ 134,849</u>

(Concluded)

CUSTER COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Highway Bridge Buyback Program Fund	Sinking Fund	Visitor Promotion Fund	Visitor Improvement Fund	Preservation & Modernization Fund
RECEIPTS					
Taxes	\$ -	\$ 46,883	\$ 56,170	\$ 56,170	\$ -
Investment Income	-	1,567	-	-	-
Intergovernmental	440,118	6,193	-	-	-
Charges for Services	-	-	-	-	9,520
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	440,118	54,643	56,170	56,170	9,520
DISBURSEMENTS					
General Government	-	5,306	-	-	12,571
Public Safety	-	-	-	-	-
Public Works	390,491	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	46,440	43,950	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	390,491	5,306	46,440	43,950	12,571
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	49,627	49,337	9,730	12,220	(3,051)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change in Fund Balances	49,627	49,337	9,730	12,220	(3,051)
FUND BALANCES - BEGINNING	964,861	829,232	19,325	30,160	20,381
FUND BALANCES - ENDING	\$ 1,014,488	\$ 878,569	\$ 29,055	\$ 42,380	\$ 17,330
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	29,055	42,380	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	17,330
Debt Service	-	-	-	-	-
Road/Bridge Maintenance	1,014,488	-	-	-	-
Economic Development	-	-	-	-	-
Federal Relief	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	878,569	-	-	-
Disaster Recovery	-	-	-	-	-
TOTAL FUND BALANCES	\$ 1,014,488	\$ 878,569	\$ 29,055	\$ 42,380	\$ 17,330

CUSTER COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Veterans' Aid Fund	STOP Program Fund	Drug Law Enforcement & Education Fund	Federal Drug Law Enforcement Fund	Reuse Grant Fund
RECEIPTS					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	787	-	-	18	29
Intergovernmental	-	-	-	-	-
Charges for Services	-	2,475	-	-	-
Miscellaneous	-	42	-	-	54,618
TOTAL RECEIPTS	<u>787</u>	<u>2,517</u>	<u>-</u>	<u>18</u>	<u>54,647</u>
DISBURSEMENTS					
General Government	-	-	-	-	4,258
Public Safety	-	9,056	-	17,360	-
Public Works	-	-	-	-	-
Public Assistance	5,000	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>5,000</u>	<u>9,056</u>	<u>-</u>	<u>17,360</u>	<u>4,258</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,213)</u>	<u>(6,539)</u>	<u>-</u>	<u>(17,342)</u>	<u>50,389</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(101,816)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,816)</u>
Net Change in Fund Balances	(4,213)	(6,539)	-	(17,342)	(51,427)
FUND BALANCES - BEGINNING	<u>101,753</u>	<u>6,539</u>	<u>3,078</u>	<u>41,522</u>	<u>52,516</u>
FUND BALANCES - ENDING	<u>\$ 97,540</u>	<u>\$ -</u>	<u>\$ 3,078</u>	<u>\$ 24,180</u>	<u>\$ 1,089</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	3,078	-	-
Law Enforcement	-	-	-	24,180	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road/Bridge Maintenance	-	-	-	-	-
Economic Development	-	-	-	-	1,089
Federal Relief	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	97,540	-	-	-	-
Miscellaneous Projects	-	-	-	-	-
Disaster Recovery	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 97,540</u>	<u>\$ -</u>	<u>\$ 3,078</u>	<u>\$ 24,180</u>	<u>\$ 1,089</u>

CUSTER COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Housing Reuse Grant Fund	Repurposed CDBG Housing Fund	Disaster Relief Fund	COVID American Rescue Plan Fund	E911 Wireless Service Fund
RECEIPTS					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 55,340
Investment Income	-	175	-	1,167	-
Intergovernmental	-	-	125,643	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	3,126	-	-	-	-
TOTAL RECEIPTS	<u>3,126</u>	<u>175</u>	<u>125,643</u>	<u>1,167</u>	<u>55,340</u>
DISBURSEMENTS					
General Government	-	99,782	-	1,173	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>99,782</u>	<u>-</u>	<u>1,173</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,126</u>	<u>(99,607)</u>	<u>125,643</u>	<u>(6)</u>	<u>55,340</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	104,543	-	-	-
Transfers out	(2,727)	-	(568,590)	-	(56,027)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,727)</u>	<u>104,543</u>	<u>(568,590)</u>	<u>-</u>	<u>(56,027)</u>
Net Change in Fund Balances	399	4,936	(442,947)	(6)	(687)
FUND BALANCES - BEGINNING	<u>1,601</u>	<u>171,335</u>	<u>444,026</u>	<u>1,046,653</u>	<u>41,349</u>
FUND BALANCES - ENDING	<u>\$ 2,000</u>	<u>\$ 176,271</u>	<u>\$ 1,079</u>	<u>\$ 1,046,647</u>	<u>\$ 40,662</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	40,662
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road/Bridge Maintenance	-	-	-	-	-
Economic Development	2,000	176,271	-	-	-
Federal Relief	-	-	-	1,046,647	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	-	-	-	-
Disaster Recovery	-	-	1,079	-	-
TOTAL FUND BALANCES	<u>\$ 2,000</u>	<u>\$ 176,271</u>	<u>\$ 1,079</u>	<u>\$ 1,046,647</u>	<u>\$ 40,662</u>

CUSTER COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	E911 Wireless Service Holding Fund	Building Bond Fund	Communications Fund	Total Nonmajor Funds
RECEIPTS				
Taxes	\$ -	\$ 11	\$ 286,745	\$ 501,319
Investment Income	-	150	-	3,893
Intergovernmental	-	-	184,927	756,881
Charges for Services	-	-	18,918	30,913
Miscellaneous	-	-	-	57,786
TOTAL RECEIPTS	-	161	490,590	1,350,792
DISBURSEMENTS				
General Government	-	-	-	123,090
Public Safety	-	-	461,269	487,685
Public Works	-	-	-	390,491
Public Assistance	-	-	-	5,000
Culture and Recreation	-	-	-	90,390
Debt Service:				
Principal Payments	-	190,000	-	190,000
Interest and Fiscal Charges	-	25,196	-	25,196
TOTAL DISBURSEMENTS	-	215,196	461,269	1,311,852
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	(215,035)	29,321	38,940
OTHER FINANCING SOURCES (USES)				
Transfers in	41,349	180,000	14,678	340,570
Transfers out	-	-	-	(729,160)
TOTAL OTHER FINANCING SOURCES (USES)	41,349	180,000	14,678	(388,590)
Net Change in Fund Balances	41,349	(35,035)	43,999	(349,650)
FUND BALANCES - BEGINNING	166,408	36,071	155,850	4,132,660
FUND BALANCES - ENDING	\$ 207,757	\$ 1,036	\$ 199,849	\$ 3,783,010
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	71,435
911 Emergency Services	207,757	-	-	248,419
Drug Education	-	-	-	3,078
Law Enforcement	-	-	-	24,180
Preservation of Records	-	-	-	17,330
Debt Service	-	1,036	-	1,036
Road/Bridge Maintenance	-	-	-	1,014,488
Economic Development	-	-	-	179,360
Federal Relief	-	-	-	1,046,647
Committed to:				
Law Enforcement	-	-	199,849	199,849
Aid and Assistance	-	-	-	97,540
Miscellaneous Projects	-	-	-	878,569
Disaster Recovery	-	-	-	1,079
TOTAL FUND BALANCES	\$ 207,757	\$ 1,036	\$ 199,849	\$ 3,783,010

CUSTER COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2022

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Planning & Zoning	County Recycling	Total
BALANCES JULY 1, 2021	\$ 1,170	\$23,122	\$ 270,398	\$ 5,515	\$ 2,018	\$ 20,870	\$ 1,851	\$ 100	\$ 5,185	\$ 330,229
RECEIPTS										
Taxes	-	-	-	514	-	-	-	-	-	514
Licenses and Permits	1,775	-	-	1,615	-	-	-	4,505	-	7,895
Intergovernmental	-	-	-	-	-	-	5,000	-	-	5,000
Charges for Services	9,807	128,810	15,758	44,888	410	206,363	-	-	4,179	410,215
Miscellaneous	-	-	-	450	1,315	89,720	1	68	81,006	172,560
State Fees	7,621	215,018	18,221	196	-	682	-	-	-	241,738
Other Liabilities	-	-	812,456	212,671	9,787	-	-	-	-	1,034,914
TOTAL RECEIPTS	19,203	343,828	846,435	260,334	11,512	296,765	5,001	4,573	85,185	1,872,836
DISBURSEMENTS										
Payments to County Treasurer	11,517	128,371	16,025	48,387	410	293,911	-	4,505	80,268	583,394
Payments to State Treasurer	7,422	212,281	17,727	193	-	682	-	-	-	238,305
Petty Cash & Other Payments	-	-	-	-	1,421	397	879	68	-	2,765
Other Liabilities	-	-	688,549	212,507	8,454	-	-	-	-	909,510
TOTAL DISBURSEMENTS	18,939	340,652	722,301	261,087	10,285	294,990	879	4,573	80,268	1,733,974
BALANCES JUNE 30, 2022	\$1,434	\$26,298	\$ 394,532	\$ 4,762	\$ 3,245	\$ 22,645	\$ 5,973	\$ 100	\$ 10,102	\$ 469,091
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 408	\$10,306	\$ 683	\$ 3,748	\$ -	\$ 22,395	\$ 5,973	\$ -	\$ 10,102	\$ 53,615
Petty Cash	100	100	-	500	550	250	-	100	-	1,600
Due to State Treasurer	926	15,892	1,439	3	-	-	-	-	-	18,260
Due to Others	-	-	392,410	511	2,695	-	-	-	-	395,616
BALANCES JUNE 30, 2022	\$1,434	\$26,298	\$ 394,532	\$ 4,762	\$ 3,245	\$ 22,645	\$ 5,973	\$ 100	\$ 10,102	\$ 469,091

CUSTER COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2022

Item	2017	2018	2019	2020	2021
Tax Certified by Assessor					
Real Estate	\$ 35,826,713	\$ 36,373,835	\$ 36,506,308	\$ 37,389,648	\$ 36,133,037
Personal and Specials	2,817,696	2,783,469	2,942,094	1,863,205	3,430,404
Total	<u>38,644,409</u>	<u>39,157,304</u>	<u>39,448,402</u>	<u>39,252,853</u>	<u>39,563,441</u>
Corrections					
Additions	1,991	3,123	21,943	1,714	14,463
Deductions	(11,553)	(4,432)	(45,290)	(12,700)	(13,430)
Net Additions/ (Deductions)	<u>(9,562)</u>	<u>(1,309)</u>	<u>(23,347)</u>	<u>(10,986)</u>	<u>1,033</u>
Corrected Certified Tax	<u>38,634,847</u>	<u>39,155,995</u>	<u>39,425,055</u>	<u>39,241,867</u>	<u>39,564,474</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2018	23,791,566	-	-	-	-
June 30, 2019	14,824,098	23,568,581	-	-	-
June 30, 2020	11,387	15,553,726	23,526,604	-	-
June 30, 2021	4,661	27,185	15,871,443	24,279,858	-
June 30, 2022	1,711	2,978	19,233	14,950,822	26,186,719
Total Net Collections	<u>38,633,423</u>	<u>39,152,470</u>	<u>39,417,280</u>	<u>39,230,680</u>	<u>26,186,719</u>
Total Uncollected Tax	<u>\$ 1,424</u>	<u>\$ 3,525</u>	<u>\$ 7,775</u>	<u>\$ 11,187</u>	<u>\$ 13,377,755</u>
Percentage Uncollected Tax	<u>0.00%</u>	<u>0.01%</u>	<u>0.02%</u>	<u>0.03%</u>	<u>33.81%</u>

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



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CUSTER 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
Custer 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 Custer County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 28, 2022. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Custer 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to the management of Custer County in a separate letter dated November 28, 2022.

Custer County's Response to Findings

Custer 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 results 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.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

November 28, 2022



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 28, 2022

Board of Supervisors
Custer County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Custer County (County) for the fiscal year ended June 30, 2022, and have issued our report thereon dated November 28, 2022. 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 BOARD

Advanced Payment

In June 2022, claim number 107164 was issued to Titan Machinery for \$235,775 for the purchase of a wheel loader. However, as of audit fieldwork in October 2022, the check was still held at the courthouse and had not been sent to the vendor because the equipment was not yet available. Although the equipment had yet to be received, the County appears to have approved the claim in June, so the expense would be in the fiscal year 2022 budget.

Neb. Rev. Stat. § 23-135(2) (Reissue 2012) states the following, in relevant part:

A county board may by resolution, which resolution constitutes a claim pursuant to subsection (1) of section 23-1303, approve the payment for a particular piece of personal property prior to the receipt of such property by the county.

No such resolution was completed for the advance payment in question.

Additionally, good internal controls require procedures to ensure payments are issued only after the property has been received, or the County Board approves a resolution authorizing an advance payment.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute.

We recommend the County Board implement procedures to ensure claims are approved only after the property has been received, or the required resolution authorizing advance payment is approved by the County Board. If the advance payment was made for budget purposes, the County should adjust next year's budget for the additional costs that could not be included in the current year's budget.

COUNTY SHERIFF

Accounting Procedures

During the audit, we noted that the County Sheriff remitted fees collected to the County Treasurer; however, this is contrary to State statute, which requires fees earned to be remitted.

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) provides the following:

The sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from whom, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.

(Emphasis added.) Sound accounting practices and good internal controls require procedures to ensure that all service fees earned by the County Sheriff are remitted to the County Treasurer, as required by law.

Without such procedures, there is an increased risk for not only noncompliance with State statute but also loss or misuse of County funds.

A similar comment was included in the prior report.

We recommend the County Sheriff implement procedures to ensure that all service fees earned are remitted 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.

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. The County declined to respond.

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.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Schreier". The signature is fluid and cursive, with the first name "Jeff" and last name "Schreier" clearly distinguishable.

Jeff Schreier, CPA
Audit Manager