

**AUDIT REPORT
OF
GAGE COUNTY**

JULY 1, 2020, THROUGH JUNE 30, 2021

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the Auditor of Public Accounts.**

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Issued on April 21, 2022

GAGE COUNTY

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GAGE COUNTY
612 Grant St.
Beatrice, NE 68310

LIST OF COUNTY OFFICIALS
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Erich Tiemann	Jan. 2023
	Emily Haxby	Jan. 2025
	Gary Lytle	Jan. 2023
	Don Schuller	Jan. 2025
	Eddie Dorn	Jan. 2023
	Dennis Byars	Jan. 2025
	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	Scott Bates	Appointed
Weed Superintendent	Becky Borgman	Appointed
Highway Superintendent	Galen Engel	Appointed
Planning & Zoning Emergency Manager	Lisa Wiegand	Appointed



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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, 2021, 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, 2021, 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, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 18-32, 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 April 18, 2022, 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.



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 18, 2022

GAGE COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2021

	Governmental Activities
	<hr/>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 17,965,292
TOTAL ASSETS	<hr/> <hr/>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 343,364
911 Emergency Services	71,469
Drug Education	5,540
Preservation of Records	27,562
Federal Relief	2,089,324
Self-Insurance	1,243,326
Unrestricted	14,184,707
TOTAL NET POSITION	<hr/> <hr/>

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, 2021

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	\$ (16,517,403)	\$ 898,350	\$ 6,159,084	\$ (9,459,969)
Public Safety	(3,322,299)	97,650	582,321	(2,642,328)
Public Works	(6,001,223)	12,335	3,727,801	(2,261,087)
Public Assistance	(140,547)	-	-	(140,547)
Culture and Recreation	(89,991)	-	-	(89,991)
Debt Payments	(2,400,182)	-	-	(2,400,182)
Capital Outlay	(1,720,761)	-	-	(1,720,761)
Total Governmental Activities	<u>\$ (30,192,406)</u>	<u>\$ 1,008,335</u>	<u>\$ 10,469,206</u>	<u>(18,714,865)</u>

General Receipts:

Taxes	16,213,190
Grants and Contributions Not Restricted to Specific Programs	3,361,792
Investment Income	79,709
Licenses and Permits	143,191
Miscellaneous	385,170
Total General Receipts	<u>20,183,052</u>

Increase in Net Position	1,468,187
Net Position - Beginning of year	16,497,105
Net Position - End of year	<u>\$ 17,965,292</u>

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, 2021

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Sinking Fund	Judgment Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents (Note 1.D)	\$ 7,382,299	\$ 284,114	\$ 3,236,407	\$ 2,222,518	\$ 379,119	\$ 2,089,324	\$ 2,371,511	\$ 17,965,292
TOTAL ASSETS	<u>\$ 7,382,299</u>	<u>\$ 284,114</u>	<u>\$ 3,236,407</u>	<u>\$ 2,222,518</u>	<u>\$ 379,119</u>	<u>\$ 2,089,324</u>	<u>\$ 2,371,511</u>	<u>\$ 17,965,292</u>
FUND BALANCES								
Restricted for:								
Visitor Promotion	-	-	-	-	-	-	343,364	343,364
911 Emergency Services	-	-	-	-	-	-	71,469	71,469
Drug Education	-	-	-	-	-	-	5,540	5,540
Preservation of Records	-	-	-	-	-	-	27,562	27,562
Federal Relief	-	-	-	-	-	2,089,324	-	2,089,324
Self-Insurance	-	-	-	-	-	-	1,243,326	1,243,326
Committed to:								
Law Enforcement	-	-	-	-	-	-	59,897	59,897
Road/Bridge Maintenance	-	284,114	-	2,222,518	-	-	-	2,506,632
County Buildings	-	-	-	-	-	-	550,000	550,000
Beatrice Six Judgment	-	-	-	-	379,119	-	-	379,119
Economic Development	-	-	-	-	-	-	70,353	70,353
Assigned to:								
Other Purposes	-	-	3,236,407	-	-	-	-	3,236,407
Unassigned	7,382,299	-	-	-	-	-	-	7,382,299
TOTAL CASH BASIS FUND BALANCES	<u>\$ 7,382,299</u>	<u>\$ 284,114</u>	<u>\$ 3,236,407</u>	<u>\$ 2,222,518</u>	<u>\$ 379,119</u>	<u>\$ 2,089,324</u>	<u>\$ 2,371,511</u>	<u>\$ 17,965,292</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, 2021

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Sinking Fund	Judgment Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS								
Taxes	\$ 12,514,914	\$ -	\$ 1,340,817	\$ -	\$ 1,893,525	\$ -	\$ 463,934	\$ 16,213,190
Licenses and Permits	143,191	-	-	-	-	-	-	143,191
Investment Income	79,709	-	-	-	-	-	-	79,709
Intergovernmental	2,065,304	3,150,309	-	540,368	-	2,089,324	5,693	7,850,998
Charges for Services	964,512	12,335	-	-	-	-	31,488	1,008,335
Miscellaneous	83,987	11,931	-	-	5,980,000	-	289,252	6,365,170
TOTAL RECEIPTS	15,851,617	3,174,575	1,340,817	540,368	7,873,525	2,089,324	790,367	31,660,593
DISBURSEMENTS								
General Government	4,213,930	-	677	-	10,656,345	-	1,646,451	16,517,403
Public Safety	3,054,881	-	40,508	-	-	-	226,910	3,322,299
Public Works	58,221	4,933,708	-	1,009,294	-	-	-	6,001,223
Public Assistance	140,547	-	-	-	-	-	-	140,547
Culture and Recreation	-	-	-	-	-	-	89,991	89,991
Debt Service:								
Principal Payments	-	-	-	-	-	-	2,375,000	2,375,000
Interest and Fiscal Charges	-	-	-	-	-	-	25,182	25,182
Capital Outlay	-	-	1,720,761	-	-	-	-	1,720,761
TOTAL DISBURSEMENTS	7,467,579	4,933,708	1,761,946	1,009,294	10,656,345	-	4,363,534	30,192,406
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	8,384,038	(1,759,133)	(421,129)	(468,926)	(2,782,820)	2,089,324	(3,573,167)	1,468,187
OTHER FINANCING SOURCES (USES)								
Transfers in	76,154	1,650,000	-	424,952	3,037,720	-	1,650,465	6,839,291
Transfers out	(6,763,137)	-	-	-	-	-	(76,154)	(6,839,291)
TOTAL OTHER FINANCING SOURCES (USES)	(6,686,983)	1,650,000	-	424,952	3,037,720	-	1,574,311	-
Net Change in Fund Balances	1,697,055	(109,133)	(421,129)	(43,974)	254,900	2,089,324	(1,998,856)	1,468,187
CASH BASIS FUND BALANCES - BEGINNING	5,685,244	393,247	3,657,536	2,266,492	124,219	-	4,370,367	16,497,105
CASH BASIS FUND BALANCES - ENDING	\$ 7,382,299	\$ 284,114	\$ 3,236,407	\$ 2,222,518	\$ 379,119	\$ 2,089,324	\$ 2,371,511	\$ 17,965,292

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**
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Custodial Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	Custodial Fund Balances June 30, 2021
ASSETS				
Cash and Cash Equivalents	\$ 1,821,258	\$ 54,893,485	\$ 55,104,564	\$ 1,610,179
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	663,833	6,825,814	6,902,772	586,875
State - Collected by Other Offices	34,495	333,791	351,300	16,986
Schools	542,607	33,742,168	33,872,900	411,875
Educational Service Units	6,352	481,684	482,934	5,102
Technical College	39,509	2,996,417	3,004,177	31,749
Natural Resource Districts	10,199	737,740	740,382	7,557
Fire Districts	7,409	756,711	758,193	5,927
Municipalities	126,164	5,620,097	5,636,001	110,260
Agricultural Society	1,782	135,949	136,279	1,452
Historical Society	409	31,219	31,295	333
Townships	270,187	1,035,704	979,100	326,791
Airport Authority	4,391	191,499	192,132	3,758
Others - Collected by County Treasurer	36,188	569,464	589,771	15,881
Others - Collected by Other Offices	77,733	1,435,228	1,427,328	85,633
TOTAL LIABILITIES	<u>1,821,258</u>	<u>54,893,485</u>	<u>55,104,564</u>	<u>1,610,179</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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 \$102,822 toward the operation of the Region during fiscal year 2021. 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).

GAGE 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 2021. 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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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, and transfers from the General Fund.

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

COVID American Rescue Plan Fund. This fund is used to account for aid received from the Federal government through the American Rescue Plan Act and will be used as allowed by Federal regulations. As of June 30, 2021, the County was still in the process of determining how to use these funds.

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 Road 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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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 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, certificates of deposits, 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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 \$3,780,585 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.

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 \$17,965,292 for County funds and \$1,610,179 for Fiduciary funds. The bank balances for all funds totaled \$20,023,865. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, were either entirely insured or collateralized with securities held by the County's agent 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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

The levy set in October 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.389699/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.419768/\$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, sales taxes and lodging taxes.

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, 2021, 131 employees contributed \$223,360, and the County contributed \$330,608. Contributions included \$8,834 in cash contributions towards the supplemental law enforcement plan for 16 law enforcement employees. Lastly, the County paid \$352 directly to two retired employees for prior service benefits.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 104 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.

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.

The County self-insures for employee health insurance and has contracted with Lucent Health Solutions to administer the County's self-insured plan through Midlands Choice. Details of the coverage are available upon request from the County Clerk. The self-insured plan is funded through a combination of employee and County contributions. The activity of the plan is reflected in the County's financial statements under the Insurance Fund. No settlements exceeded coverage in any of the past three fiscal years. The County has obtained stop loss coverage to limit the County's total exposure to \$50,000 per employee per year.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers to	Transfers from		Total
	General Fund	Nonmajor Funds	
Road Fund	\$ 1,650,000	\$ -	\$ 1,650,000
General Fund	-	76,154	76,154
Road/Bridge Sinking Fund	424,952	-	424,952
Judgment Fund	3,037,720	-	3,037,720
Nonmajor Funds	1,650,465	-	1,650,465
Total	<u>\$ 6,763,137</u>	<u>\$ 76,154</u>	<u>\$ 6,839,291</u>

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. Interfund Transfers (Concluded)

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.

In the year ended June 30, 2021, the County made a one-time transfer of \$76,154 from the Road Bond Fund to the General Fund to close the Road Bond Fund and transfer the remaining balance to the General Fund.

7. Long-Term Obligations

Capital Leases

Changes to the commitments under a lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	Dell Computers
Balance July 1, 2020	\$ -
Purchases	6,436
Payments	678
Balance June 30, 2021	<u>\$ 5,758</u>
Future Payments:	
Year	
2022	\$ 2,294
2023	2,294
2024	1,529
Total Payments	<u>6,117</u>
Less Interest	<u>359</u>
Present Value of Future Minimum Lease Payments	<u>\$ 5,758</u>
Carrying Value of the Related Fixed Asset	<u>\$ 6,200</u>

8. City of Beatrice Agreements

Ambulance Agreement

The County entered into an agreement with the City of Beatrice (City) whereby the City will provide necessary ambulance services to certain areas located outside the City limits. The County paid the City \$180,000 for ambulance services during the fiscal year ended June 30, 2021.

Enhanced 911 Agreement

The County entered into an agreement with the City whereby the City 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 the County. The County paid the City \$222,789 for Enhanced 911 Services during the fiscal year ended June 30, 2021.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

9. **Beatrice Six Judgment**

In July 2016, a judgment was entered against the 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, 2021, the County had paid \$16,494,932 towards the judgment.

Subsequent to the end of the fiscal year, the County received \$2,000,000 from the State of Nebraska to be used toward the judgment, as a result of LB 103 approved by the Governor on May 25, 2021.

10. **Prior Period Adjustment**

The beginning balances were increased by \$112,228 on the Fiduciary Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report the monies held by County officials other than the County Treasurer.

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 13,004,564	\$ 13,004,564	\$ 12,514,914	\$ (489,650)
Licenses and Permits	66,500	66,500	143,191	76,691
Investment Income	100,000	100,000	79,709	(20,291)
Intergovernmental	327,425	327,425	2,065,304	1,737,879
Charges for Services	476,000	476,000	964,512	488,512
Miscellaneous	40,000	40,000	83,987	43,987
TOTAL RECEIPTS	14,014,489	14,014,489	15,851,617	1,837,128
DISBURSEMENTS				
General Government:				
County Board	185,000	185,000	174,038	10,962
County Clerk	231,990	231,990	200,057	31,933
County Treasurer	295,098	295,098	291,893	3,205
Register of Deeds	165,040	165,040	149,566	15,474
County Assessor	314,473	314,473	313,284	1,189
Election Commissioner	122,585	122,585	110,625	11,960
Building and Zoning	3,350	3,350	1,518	1,832
Clerk of the District Court	158,394	158,394	148,827	9,567
County Court System	12,200	12,200	7,212	4,988
District Judge	127,768	127,768	100,322	27,446
Public Defender	166,100	166,100	165,000	1,100
Building and Grounds	471,426	471,426	226,866	244,560
Agricultural Extension Agent	120,765	120,765	77,380	43,385
Employment Security	40,000	40,000	2,534	37,466
Miscellaneous	4,418,160	4,418,160	2,244,808	2,173,352
Public Safety				
County Sheriff	1,349,460	1,349,460	1,346,440	3,020
County Attorney	458,932	458,932	437,965	20,967
County Jail	1,280,417	1,280,417	1,036,632	243,785
Emergency Management	132,012	132,012	93,649	38,363
Child Support	63,880	63,880	60,155	3,725
Shop With A Cop	14,155	14,155	-	14,155
District Probation	80,100	80,100	80,040	60
Public Works				
County Surveyor	93,160	93,160	56,233	36,927
Noxious Weed Control	4,150	4,150	1,988	2,162
Public Assistance				
Veterans' Service Officer	90,619	90,619	81,634	8,985
Veterans' Aid	2,000	2,000	2,000	-
Relief/Medical	60,800	60,800	26,625	34,175
Institutions	52,000	52,000	30,288	21,712
TOTAL DISBURSEMENTS	10,514,034	10,514,034	7,467,579	3,046,455

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	3,500,455	3,500,455	8,384,038	4,883,583
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	76,154	76,154
Transfers out	(7,985,699)	(7,985,699)	(6,763,137)	1,222,562
TOTAL OTHER FINANCING SOURCES (USES)	(7,985,699)	(7,985,699)	(6,686,983)	1,298,716
Net Change in Fund Balance	(4,485,244)	(4,485,244)	1,697,055	6,182,299
FUND BALANCE - BEGINNING	5,685,244	5,685,244	5,685,244	-
FUND BALANCE - ENDING	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 7,382,299</u>	<u>\$ 6,182,299</u>

(Concluded)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 2,905,743	\$ 2,905,743	\$3,150,309	\$ 244,566
Charges for Services	-	-	12,335	12,335
Miscellaneous	-	-	11,931	11,931
TOTAL RECEIPTS	2,905,743	2,905,743	3,174,575	268,832
DISBURSEMENTS	6,499,203	6,499,203	4,933,708	1,565,495
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,593,460)	(3,593,460)	(1,759,133)	1,834,327
OTHER FINANCING SOURCES (USES)				
Transfers in	3,815,213	3,815,213	1,650,000	(2,165,213)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,815,213	3,815,213	1,650,000	(2,165,213)
Net Change in Fund Balance	221,753	221,753	(109,133)	(330,886)
FUND BALANCE - BEGINNING	393,247	393,247	393,247	-
FUND BALANCE - ENDING	\$ 615,000	\$ 615,000	\$ 284,114	\$ (330,886)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$1,340,817	\$ 1,340,817
TOTAL RECEIPTS	-	-	1,340,817	1,340,817
DISBURSEMENTS	3,657,536	3,657,536	1,761,946	1,895,590
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,657,536)	(3,657,536)	(421,129)	3,236,407
Net Change in Fund Balance	(3,657,536)	(3,657,536)	(421,129)	3,236,407
FUND BALANCE - BEGINNING	3,657,536	3,657,536	3,657,536	-
FUND BALANCE - ENDING	\$ -	\$ -	\$3,236,407	\$ 3,236,407

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD/BRIDGE SINKING FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 540,368	\$ 540,368
TOTAL RECEIPTS	-	-	540,368	540,368
DISBURSEMENTS	2,691,444	2,691,444	1,009,294	1,682,150
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,691,444)	(2,691,444)	(468,926)	2,222,518
OTHER FINANCING SOURCES (USES)				
Transfers in	424,952	424,952	424,952	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	424,952	424,952	424,952	-
Net Change in Fund Balance	(2,266,492)	(2,266,492)	(43,974)	2,222,518
FUND BALANCE - BEGINNING	2,266,492	2,266,492	2,266,492	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 2,222,518	\$ 2,222,518
JUDGMENT FUND				
RECEIPTS				
Taxes	\$ 2,500,000	\$ 2,500,000	\$ 1,893,525	\$ (606,475)
Miscellaneous	6,000,000	6,000,000	5,980,000	(20,000)
TOTAL RECEIPTS	8,500,000	8,500,000	7,873,525	(626,475)
DISBURSEMENTS	11,661,939	11,661,939	10,656,345	1,005,594
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,161,939)	(3,161,939)	(2,782,820)	379,119
OTHER FINANCING SOURCES (USES)				
Transfers in	3,037,720	3,037,720	3,037,720	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,037,720	3,037,720	3,037,720	-
Net Change in Fund Balance	(124,219)	(124,219)	254,900	379,119
FUND BALANCE - BEGINNING	124,219	124,219	124,219	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 379,119	\$ 379,119

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COVID AMERICAN RESCUE PLAN FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$2,089,324	\$ 2,089,324
TOTAL RECEIPTS	-	-	2,089,324	2,089,324
DISBURSEMENTS	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	-	2,089,324	2,089,324
Net Change in Fund Balance	-	-	2,089,324	2,089,324
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,089,324</u>	<u>\$ 2,089,324</u>

(Concluded)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS PROMOTION FUND				
Receipts	\$ 127,024	\$ 127,024	\$ 67,194	\$ (59,830)
Disbursements	(130,000)	(130,000)	(62,991)	67,009
Net Change in Fund Balance	(2,976)	(2,976)	4,203	7,179
Fund Balance - Beginning	2,976	2,976	2,976	-
Fund Balance - Ending	\$ -	\$ -	\$ 7,179	\$ 7,179
VISITORS IMPROVEMENT FUND				
Receipts	\$ -	\$ -	\$ 67,194	\$ 67,194
Disbursements	(295,991)	(295,991)	(27,000)	268,991
Net Change in Fund Balance	(295,991)	(295,991)	40,194	336,185
Fund Balance - Beginning	295,991	295,991	295,991	-
Fund Balance - Ending	\$ -	\$ -	\$ 336,185	\$ 336,185
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ -	\$ -	\$ 19,918	\$ 19,918
Disbursements	(36,668)	(36,668)	(29,024)	7,644
Net Change in Fund Balance	(36,668)	(36,668)	(9,106)	27,562
Fund Balance - Beginning	36,668	36,668	36,668	-
Fund Balance - Ending	\$ -	\$ -	\$ 27,562	\$ 27,562
INSURANCE FUND				
Receipts	\$ 900,000	\$ 900,000	\$ 288,455	\$ (611,545)
Disbursements	(2,200,000)	(2,200,000)	(1,487,780)	712,220
Transfers in	318,961	318,961	1,261,612	942,651
Transfers out	-	-	-	-
Net Change in Fund Balance	(981,039)	(981,039)	62,287	1,043,326
Fund Balance - Beginning	981,039	981,039	1,181,039	200,000
Fund Balance - Ending	\$ -	\$ -	\$ 1,243,326	\$ 1,243,326
DIVERSION PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 6,050	\$ 6,050
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	6,050	6,050
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,050	\$ 6,050

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STOP PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 5,520	\$ 5,520
Disbursements	(50,177)	(50,177)	(1,850)	48,327
Net Change in Fund Balance	(50,177)	(50,177)	3,670	53,847
Fund Balance - Beginning	50,177	50,177	50,177	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,847</u>	<u>\$ 53,847</u>
DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ 246	\$ 246
Disbursements	(5,893)	(5,893)	(599)	5,294
Net Change in Fund Balance	(5,893)	(5,893)	(353)	5,540
Fund Balance - Beginning	5,893	5,893	5,893	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,540</u>	<u>\$ 5,540</u>
ECONOMIC DEVELOPMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(200,000)	(200,000)	(129,647)	70,353
Transfers in	138,849	138,849	138,849	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(61,151)	(61,151)	9,202	70,353
Fund Balance - Beginning	61,151	61,151	61,151	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,353</u>	<u>\$ 70,353</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ -	\$ -	\$ 25,930	\$ 25,930
Disbursements	(270,000)	(270,000)	(224,461)	45,539
Transfers in	206,691	206,691	206,691	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(63,309)	(63,309)	8,160	71,469
Fund Balance - Beginning	63,309	63,309	63,309	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,469</u>	<u>\$ 71,469</u>

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD BOND FUND				
Receipts	\$ 338,688	\$ 338,688	\$ 309,860	\$ (28,828)
Disbursements	(2,505,164)	(2,505,164)	(2,400,182)	104,982
Transfers in	-	-	-	-
Transfers out	-	-	(76,154)	(76,154)
Net Change in Fund Balance	(2,166,476)	(2,166,476)	(2,166,476)	-
Fund Balance - Beginning	2,166,476	2,166,476	2,166,476	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COUNTY BUILDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(550,000)	(550,000)	-	550,000
Transfers in	43,313	43,313	43,313	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(506,687)	(506,687)	43,313	550,000
Fund Balance - Beginning	506,687	506,687	506,687	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 550,000</u>

(Concluded)

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

For the Year Ended June 30, 2021

	Visitors Promotion Fund	Visitors Improvement Fund	Preservation & Modernization Fund	Insurance Fund
RECEIPTS				
Taxes	\$ 67,194	\$ 67,194	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	19,918	-
Miscellaneous	-	-	-	288,455
TOTAL RECEIPTS	<u>67,194</u>	<u>67,194</u>	<u>19,918</u>	<u>288,455</u>
DISBURSEMENTS				
General Government	-	-	29,024	1,487,780
Public Safety	-	-	-	-
Culture and Recreation	62,991	27,000	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>62,991</u>	<u>27,000</u>	<u>29,024</u>	<u>1,487,780</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>4,203</u>	<u>40,194</u>	<u>(9,106)</u>	<u>(1,199,325)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,261,612
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,261,612</u>
Net Change in Fund Balances	4,203	40,194	(9,106)	62,287
FUND BALANCES - BEGINNING	<u>2,976</u>	<u>295,991</u>	<u>36,668</u>	<u>1,181,039</u>
FUND BALANCES - ENDING	<u>\$ 7,179</u>	<u>\$ 336,185</u>	<u>\$ 27,562</u>	<u>\$1,243,326</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	7,179	336,185	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Preservation of Records	-	-	27,562	-
Self-Insurance	-	-	-	1,243,326
Committed to:				
Law Enforcement	-	-	-	-
County Buildings	-	-	-	-
Economic Development	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 7,179</u>	<u>\$ 336,185</u>	<u>\$ 27,562</u>	<u>\$1,243,326</u>

(Continued)

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

For the Year Ended June 30, 2021

	Diversion Program Fund	STOP Program Fund	Drug Law Enforcement Fund	Economic Development Fund
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	6,050	5,520	-	-
Miscellaneous	-	-	246	-
TOTAL RECEIPTS	<u>6,050</u>	<u>5,520</u>	<u>246</u>	<u>-</u>
DISBURSEMENTS				
General Government	-	-	-	129,647
Public Safety	-	1,850	599	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>1,850</u>	<u>599</u>	<u>129,647</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>6,050</u>	<u>3,670</u>	<u>(353)</u>	<u>(129,647)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	138,849
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,849</u>
Net Change in Fund Balances	6,050	3,670	(353)	9,202
FUND BALANCES - BEGINNING	<u>-</u>	<u>50,177</u>	<u>5,893</u>	<u>61,151</u>
FUND BALANCES - ENDING	<u>\$ 6,050</u>	<u>\$53,847</u>	<u>\$ 5,540</u>	<u>\$ 70,353</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	5,540	-
Preservation of Records	-	-	-	-
Self-Insurance	-	-	-	-
Committed to:				
Law Enforcement	6,050	53,847	-	-
County Buildings	-	-	-	-
Economic Development	-	-	-	70,353
TOTAL FUND BALANCES	<u>\$ 6,050</u>	<u>\$53,847</u>	<u>\$ 5,540</u>	<u>\$ 70,353</u>

(Continued)

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

For the Year Ended June 30, 2021

	911 Emergency Management Fund	Road Bond Fund	County Building Fund	Total Nonmajor Funds
RECEIPTS				
Taxes	\$ 25,379	\$ 304,167	\$ -	\$ 463,934
Intergovernmental	-	5,693	-	5,693
Charges for Services	-	-	-	31,488
Miscellaneous	551	-	-	289,252
TOTAL RECEIPTS	25,930	309,860	-	790,367
DISBURSEMENTS				
General Government	-	-	-	1,646,451
Public Safety	224,461	-	-	226,910
Culture and Recreation	-	-	-	89,991
Debt Service:				
Principal Payments	-	2,375,000	-	2,375,000
Interest and Fiscal Charges	-	25,182	-	25,182
TOTAL DISBURSEMENTS	224,461	2,400,182	-	4,363,534
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(198,531)	(2,090,322)	-	(3,573,167)
OTHER FINANCING SOURCES (USES)				
Transfers in	206,691	-	43,313	1,650,465
Transfers out	-	(76,154)	-	(76,154)
TOTAL OTHER FINANCING SOURCES (USES)	206,691	(76,154)	43,313	1,574,311
Net Change in Fund Balances	8,160	(2,166,476)	43,313	(1,998,856)
FUND BALANCES - BEGINNING	63,309	2,166,476	506,687	4,370,367
FUND BALANCES - ENDING	\$ 71,469	\$ -	\$ 550,000	\$ 2,371,511
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	343,364
911 Emergency Services	71,469	-	-	71,469
Drug Education	-	-	-	5,540
Preservation of Records	-	-	-	27,562
Self-Insurance	-	-	-	1,243,326
Committed to:				
Law Enforcement	-	-	-	59,897
County Buildings	-	-	550,000	550,000
Economic Development	-	-	-	70,353
TOTAL FUND BALANCES	\$ 71,469	\$ -	\$ 550,000	\$ 2,371,511

(Concluded)

GAGE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent
BALANCES JULY 1, 2020	\$ 198,601	\$ 51,079	\$ 71,077	\$ 19,167	\$ -	\$ 217
RECEIPTS						
Taxes	-	-	-	4,253	-	-
Licenses and Permits	2,775	-	-	-	-	-
Intergovernmental	-	-	-	3,066	-	-
Charges for Services	5,806	214,255	47,391	45,400	6,542	-
Miscellaneous	185	-	-	1,400	3	12,828
State Fees	4,514	266,877	62,400	-	-	-
Other Liabilities	-	-	980,200	357,784	52,596	-
TOTAL RECEIPTS	13,280	481,132	1,089,991	411,903	59,141	12,828
DISBURSEMENTS						
Payments to County Treasurer	25,268	222,443	44,182	52,697	6,545	11,919
Payments to State Treasurer	4,797	284,351	62,152	-	-	-
Petty Cash	185	-	-	1,790	-	-
Other Liabilities	-	-	972,624	357,912	52,596	-
TOTAL DISBURSEMENTS	30,250	506,794	1,078,958	412,399	59,141	11,919
BALANCES JUNE 30, 2021	\$ 181,631	\$ 25,417	\$ 82,110	\$ 18,671	\$ -	\$ 1,126
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 928	\$ 13,412	\$ 5,359	\$ 2,786	\$ -	\$ 1,126
Petty Cash	180,250	150	-	10,600	-	-
Due to State Treasurer	453	11,855	4,678	-	-	-
Due to Others	-	-	72,073	5,285	-	-
BALANCES JUNE 30, 2021	\$ 181,631	\$ 25,417	\$ 82,110	\$ 18,671	\$ -	\$ 1,126

(Continued)

GAGE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	Veterans' Service Officer	Planning & Zoning	County Health Insurance	County Flex Spending	County Assessor	Total
BALANCES JULY 1, 2020	\$ 2,498	\$ -	\$ 200,000	\$ 7,823	\$ 32	\$ 550,494
RECEIPTS						
Taxes	-	-	-	-	-	4,253
Licenses and Permits	-	27,928	-	-	-	30,703
Intergovernmental	2,000	-	-	-	-	5,066
Charges for Services	-	-	-	-	-	319,394
Miscellaneous	37	-	1,199,651	-	23	1,214,127
State Fees	-	-	-	-	-	333,791
Other Liabilities	-	-	-	44,648	-	1,435,228
TOTAL RECEIPTS	2,037	27,928	1,199,651	44,648	23	3,342,562
DISBURSEMENTS						
Payments to County Treasurer	-	27,928	-	-	15	390,997
Payments to State Treasurer	-	-	-	-	-	351,300
Petty Cash	482	-	1,199,651	-	-	1,202,108
Other Liabilities	-	-	-	44,196	-	1,427,328
TOTAL DISBURSEMENTS	482	27,928	1,199,651	44,196	15	3,371,733
BALANCES JUNE 30, 2021	\$ 4,053	\$ -	\$ 200,000	\$ 8,275	\$ 40	\$ 521,323
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 4,053	\$ -	\$ -	\$ -	\$ 15	\$ 27,679
Petty Cash	-	-	200,000	-	25	391,025
Due to State Treasurer	-	-	-	-	-	16,986
Due to Others	-	-	-	8,275	-	85,633
BALANCES JUNE 30, 2021	\$ 4,053	\$ -	\$ 200,000	\$ 8,275	\$ 40	\$ 521,323

(Concluded)

GAGE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 41,298,473	\$ 41,275,534	\$ 45,602,416	\$ 45,186,288	\$ 44,538,179
Personal and Specials	4,187,555	5,234,946	5,244,593	5,237,507	5,148,878
Total	<u>45,486,028</u>	<u>46,510,480</u>	<u>50,847,009</u>	<u>50,423,795</u>	<u>49,687,057</u>
Corrections					
Additions	5,578	7,925	12,215	673	2,483
Deductions	<u>(4,967)</u>	<u>(7,150)</u>	<u>(13,977)</u>	<u>(25,893)</u>	<u>(5,164)</u>
Net Additions/ (Deductions)	<u>611</u>	<u>775</u>	<u>(1,762)</u>	<u>(25,220)</u>	<u>(2,681)</u>
Corrected Certified Tax	<u>45,486,639</u>	<u>46,511,255</u>	<u>50,845,247</u>	<u>50,398,575</u>	<u>49,684,376</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	27,601,122	-	-	-	-
June 30, 2018	17,867,614	28,474,636	-	-	-
June 30, 2019	9,234	18,015,247	30,431,140	-	-
June 30, 2020	5,375	16,852	20,383,325	30,221,404	-
June 30, 2021	<u>868</u>	<u>3,119</u>	<u>16,809</u>	<u>20,144,001</u>	<u>30,757,956</u>
Total Net Collections	<u>45,484,213</u>	<u>46,509,854</u>	<u>50,831,274</u>	<u>50,365,405</u>	<u>30,757,956</u>
Total Uncollected Tax	<u>\$ 2,426</u>	<u>\$ 1,401</u>	<u>\$ 13,973</u>	<u>\$ 33,170</u>	<u>\$ 18,926,420</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.00%</u>	<u>0.03%</u>	<u>0.07%</u>	<u>38.09%</u>

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

GAGE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Emergency Management Performance Grants	97.042	20-SR 8715-01	\$ 29,016
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	067-UX4B2-00	224,904
Total U.S. Department of Homeland Security			<u>253,920</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
		51278 Y3	
Child Support Enforcement	93.563	51341 Y3	84,989
Total U.S. Department of Health and Human Services			<u>84,989</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600	8ADK3	3,066
Total U.S. Department of Transportation			<u>3,066</u>
ELECTION ASSISTANCE COMMISSION			
Passed through Nebraska Secretary of State			
COVID-19 - 2018 HAVA Election Security Grants	90.404	3	67,455
Total U.S. Election Assistance Commission			<u>67,455</u>
DEPARTMENT OF THE TREASURY			
Passed through Nebraska Military Department			
Coronavirus Relief Fund	21.019	Unavailable *	483,806
Total U.S. Department of the Treasury			<u>483,806</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 893,236</u>

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

GAGE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Gage County (County) under programs of the Federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, or changes in net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance, except for the Child Support Enforcement Program, which used the rate as approved by the pass-through entity.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing 97.036) to reimburse eligible costs associated with the repair, replacement, or restoration of disaster-damaged infrastructure. The schedule of expenditures of Federal awards reports expenditures of \$224,904 for this program, which includes expenditures incurred and paid prior to the fiscal year ended June 30, 2021.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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, 2021, and the related notes to the financial statements, which collectively comprise Gage County's basic financial statements, and have issued our report thereon dated April 18, 2022. 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.

County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

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 April 18, 2022.

Gage County's Response to Findings

Gage County's response to the finding identified in our audit is described above. Gage County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 18, 2022



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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GAGE COUNTY
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Supervisors
Gage County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Gage County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Gage County's major Federal programs for the year ended June 30, 2021. Gage County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gage County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Gage County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Gage County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Gage County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Gage County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gage County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gage County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 18, 2022

GAGE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X None Reported

Significant deficiencies identified? X Yes _____ No

Noncompliance material to financial statements noted? _____ Yes X None Reported

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X None Reported

Significant deficiencies identified? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Major programs: **Coronavirus Relief Fund: AL #21.019**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

GAGE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

Section II – Financial Statement Findings

Finding # 2021-1

<u>Condition</u> -	There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
<u>Criteria</u> -	Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
<u>Context</u> -	Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
<u>Effect</u> -	This lack of segregation of duties results in an inadequate overall internal control structure design.
<u>Cause</u> -	The County does not employ sufficient office personnel to segregate accounting functions properly.
<u>Recommendation</u> -	The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.
<u>View of Officials</u> -	The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Section III – Federal Award Findings and Questioned Costs

None Noted



Board Of Supervisors — Of — Gage County

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Eddie Dorn

CORRECTIVE ACTION PLAN

Year Ended June 30, 2021

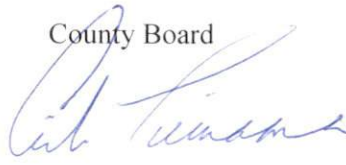
The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

Finding 2021-1 Segregation of Duties

Corrective Action Planned: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Anticipated Completion Date: Ongoing

Responsible Party: County Board


Chairman



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 18, 2022

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, 2021, and have issued our report thereon dated April 18, 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 ATTORNEY

Diversion Program Procedures

Diversion Fee Procedures

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 documented oversight of the diversion program, as the Program Director was primarily responsible for all aspects of the program, with limited, if any, documented reviews or monitoring of program activities performed.

Specifically, we noted 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 or County Treasurer, as appropriate. Based on the receipt books provided to us, a total of \$23,394 was received during the fiscal year. However, the amount actually received by the County Treasurer and School was \$28,393. The cause of the \$4,999 variance is unknown; however, the most likely cause is receipts not being issued for all money received.

Neb. Rev. Stat. § 23-1207(1) (Reissue 2012) makes clear the County Attorney's responsibility to issue receipts for all money received, and provides the following:

It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts, one of which shall be filed by such person with the county clerk.

Moreover, the Program Director had authority to waive all, or a portion of the standard fees, without a required, documented approval from the County Attorney. 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, not issue a receipt, and document the fees as waived in the case file. If such series of events were to occur, the financial records of the diversion program would provide no indication that the cash diversion fees were missing.

Grant Reimbursement Documentation

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. We noted several concerns with the documentation provided to the County Board, or the complete lack thereof, to support these grant reimbursement claims.

- Payroll costs for the Program Director and a second program employee, totaling \$43,363, were submitted for reimbursement through the grant. However, no documentation, such as paystubs, payroll registers, etc., was received to support that the hours worked per the timesheets agreed to the hours actually paid, or to verify that the amount of pay submitted for reimbursement by the grant agreed to the amount of payroll costs actually paid.
- Claim 20090012 paid a total of \$26,892 to Gage County MAPS; however, no documentation was attached to the claim for \$1,589 of this total. Similarly, claim 21020132 paid a total of \$18,339 to Gage County MAPS; however, no documentation was attached to the claim for \$574 of this total.

Good internal controls require procedures to ensure the exercise of proper oversight of the diversion program to confirm that, among other things, receipts are issued for all money received, and a documented comparison is completed between receipts issued and money received by the County Treasurer or School, to ensure all money received is properly accounted for. Such procedures should further require: 1) documented approval is obtained from the County Attorney whenever diversion fees are waived; and 2) grant reimbursement claims are completely supported by detailed documentation, including paystubs or payroll registers.

Without such procedures, there is a significantly increased risk for loss and/or misuse of grant funds and other monies, including undetected theft or other irregularities.

Similar issues were noted in the prior audit.

We recommend the County Attorney implement documented procedures to ensure appropriate oversight of the diversion program, including confirming the following: 1) receipts are issued for all money received, and money is properly accounted for and remitted to the School or County Treasurer, as appropriate; 2) documented approval is obtained from the County Attorney whenever fees are waived; and 3) grant reimbursement claims are completely supported by detailed documentation.

COUNTY CLERK OF THE DISTRICT COURT

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 overdue balances tested, totaling \$6,466, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances.

As of December 30, 2021, the Report contained 612 overdue balances on criminal cases, totaling \$200,078.

Good internal controls and sound business practices 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 noted therein.

Without such procedures, there is an increased risk for the loss, theft, or misuse of funds.

A similar issue was noted in the prior audit.

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

COUNTY SHERIFF

Unknown Balance

As of June 30, 2021, the County Sheriff had an unknown balance of \$3,381 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 controls 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.

A similar issue was noted in the prior audit.

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.

County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

* * * * *

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.

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 "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor