

**AUDIT REPORT
OF
ANTELOPE COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on November 16, 2023

ANTELOPE COUNTY

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ANTELOPE COUNTY
501 Main Street
Neligh, NE 68756

LIST OF COUNTY OFFICIALS
At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Charles Henery	Jan. 2025
	Eli Jacob	Jan. 2025
	Regina Krebs	Jan. 2027
	Keith Heithoff	Jan. 2027
	Neil Williby	Jan. 2027
Assessor	Kelly Mueller-Oltjenbruns	Jan. 2027
Attorney	Joe Smith	Jan. 2027
Clerk Election Commissioner Register of Deeds	Lisa Payne	Jan. 2027
Clerk of the District Court	Angela Mortensen	Jan. 2027
Sheriff	Robert Moore	Jan. 2027
Treasurer	Deb Branstiter	Jan. 2027
Veterans' Service Officer	Tom Nelson	Appointed
Weed Superintendent	Bryan Cornett	Appointed
Highway Superintendent	Brian McDonald	Appointed
Planning & Zoning	Megan Wingate	Appointed
Emergency Manager	Bobbie Risor	Appointed



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ANTELOPE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Antelope 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 Antelope County, as of and for the year ended June 30, 2023, 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 Antelope County as of June 30, 2023, 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, 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 19-30, 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 6, 2023, on our consideration of Antelope 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 Antelope County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dakota Christensen". The signature is written in a cursive style with a prominent initial "D" and a long, sweeping underline.

Dakota Christensen, CPA, CISA, CFE
Audit Manager
Lincoln, Nebraska

November 6, 2023

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Antelope 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 IV – 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 IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

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 \$36,118 toward the operation of the Region during fiscal year 2023. 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 North Central District 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).

ANTELOPE 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 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2022). Financial information for the Department is available in that report.

Antelope County 911 Emergency Service System – The County has entered into an agreement with the Antelope County 911 Emergency Service System (System) to establish a countywide 911 service. Participating members of the System are the cities of Neligh and Elgin, and the villages of Oakdale, Clearwater, Brunswick, Orchard, and Royal.

The System's governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Funding is provided by 911 surcharges collected by the State of Nebraska and local telephone companies. The County did not contribute any additional funds toward the operation of the System during fiscal year 2023. In the event of termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The System has an agreed-upon procedures engagement performed on its financial schedule. Financial information for the System is available in that report.

Region 11 Emergency Management (Region) – The County has entered into an agreement with the governing boards of Madison County, Pierce County, and the City of Norfolk to provide services to carry out the provisions of the Emergency Management Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under Neb. Rev. Stat. § 81-829.36 (Reissue 2014) et seq. The governing board for the Region is established by statute, and the agreement includes representatives from the participating member boards. Each member contributes to the financial support of the Region based on formulas developed by the agreement. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$24,627 toward the operation of the Region during fiscal year 2023. In the event of termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

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.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

Road and Bridge 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 Law Enforcement Center Bond Fund and Highway Allocation 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:

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$1,178,966 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 30, 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 \$7,216,220 for County funds and \$1,147,452 for Fiduciary funds. The bank balances for all funds totaled \$8,370,537. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2023, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes**

Property taxes are levied by the County Board on or before October 20 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 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.301268/\$100 of assessed valuation. The levy set in October 2021, for the 2021 taxes, which were materially collected in May and September 2022, was set at \$.277930/\$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 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 2022) 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.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2023, 107 employees contributed \$148,216, and the County contributed \$220,964. Contributions included \$2,740 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$1,464 directly to 15 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 107 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	\$ 500,000	\$ 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, 2023, consisted of transfers, totaling \$6,300,000, from the General Fund to the Road & Bridge Fund.

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.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Long-Term Obligations**

Lease-Purchase Agreements

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

	MMK Tractor	County Motorgraders	County Trucks	Total
Balance July 1, 2022	\$ 19,751	\$ 909,738	\$ 371,647	\$ 1,301,136
Purchases	-	-	-	-
Payments	19,751	132,340	83,923	236,014
Balance June 30, 2023	<u>\$ -</u>	<u>\$ 777,398</u>	<u>\$ 287,724</u>	<u>\$ 1,065,122</u>
Future Payments:				
Year				
2024	\$ -	\$ 156,653	\$ 83,391	\$ 240,044
2025	-	156,653	83,391	240,044
2026	-	156,653	83,390	240,043
2027	-	156,653	27,938	184,591
2028	-	156,653	27,938	184,591
2029	-	62,665	-	62,665
Total Payments	-	845,930	306,048	1,151,978
Less Interest	-	68,532	18,324	86,856
Present Value of Future Minimum Lease Payments	<u>\$ -</u>	<u>\$ 777,398</u>	<u>\$ 287,724</u>	<u>\$ 1,065,122</u>
Carrying Value of the Related Fixed Asset	<u>\$ 88,000</u>	<u>\$ 988,481</u>	<u>\$ 467,385</u>	<u>\$ 1,543,866</u>

Bonds

Law Enforcement Center Bonds. The County issued bonds on November 26, 2013, in the amount of \$5,910,000 for the purpose of paying the costs of a new law enforcement facility. In August 2018, the County refinanced this bond for \$4,185,000. The bond payable balance, as of June 30, 2023, was \$2,605,000. 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
2024	\$ 425,000	\$ 66,065	\$ 491,065
2025	430,000	55,590	485,590
2026	445,000	44,319	489,319
2027	455,000	31,939	486,939
2028	470,000	18,522	488,522
2029	380,000	5,795	385,795
Total Payments	<u>\$ 2,605,000</u>	<u>\$ 222,230</u>	<u>\$ 2,827,230</u>

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Long-Term Obligations** (Concluded)

Highway Allocation Bonds. The County issued bonds on August 28, 2020, in the amount of \$3,000,000 for the purpose of financing the construction of certain roads of the County and related improvements. The bond payable balance, as of June 30, 2023, was \$2,425,000. 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
2024	295,000	25,239	320,239
2025	295,000	22,953	317,953
2026	300,000	20,423	320,423
2027	300,000	17,572	317,572
2028	305,000	14,319	319,319
2029-2031	930,000	19,602	949,602
Total Payments	2,425,000	120,198	2,545,108

Antelope Memorial Hospital – Conduit Debt. To provide for the financing to pay the costs of acquiring, constructing, furnishing, and equipping improvements to the facilities of the Antelope Memorial Hospital (Hospital), a non-profit entity, the County issued revenue bonds on October 15, 2015, in the amount of \$2,290,000. These bonds are special limited obligations of the County, payable solely from and secured by loan payments to be received from the Hospital. The bonds do not constitute a debt or pledge of faith of the County and, accordingly, have not been reported in the accompanying financial statements. The outstanding principal debt balance as of June 30, 2023, was \$305,000 per the Hospital’s audit report. Additional information may be obtained from the Hospital’s Administrative Office.

ANTELOPE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Antelope County (County) under programs of the Federal government for the year ended June 30, 2023. 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 not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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ANTELOPE 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 Commissioners
Antelope 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 Antelope County, as of and for the year ended June 30, 2023, 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 6, 2023. 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.

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Antelope 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 Antelope County in a separate letter dated November 6, 2023.

Antelope County’s Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the County’s response to the finding identified in our audit and described previously. The County’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

November 6, 2023



Dakota Christensen, CPA, CISA, CFE
Audit Manager
Lincoln, Nebraska



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ANTELOPE COUNTY INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Antelope County, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Antelope County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Antelope County's major Federal programs for the year ended June 30, 2023. Antelope County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Antelope County complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Antelope County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major Federal program. Our audit does not provide a legal determination of Antelope County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Antelope County's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Antelope County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Antelope County's compliance with the requirements of each major Federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Antelope County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Antelope County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Antelope County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings #2023-002 and #2023-003. Our opinion on each major Federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Antelope County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Antelope County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Antelope County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Antelope County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item #2023-002 and #2023-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Antelope County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Antelope County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Antelope County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Antelope County's corrective action plan was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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



Dakota Christensen, CPA, CISA, CFE
Audit Manager
Lincoln, Nebraska

November 6, 2023

ANTELOPE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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 No

Significant deficiencies identified?

X Yes ___ None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified?

X Yes ___ 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)?

X Yes ___ No

Major programs: **COVID-19 – Coronavirus State and Local Fiscal Recovery Funds: AL #21.027**

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

\$750,000

Auditee qualified as low-risk auditee?

___ Yes X No

ANTELOPE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Section II – Financial Statement Findings

Finding # 2023-001

- Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
- Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
- Context - Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
- Effect - This lack of segregation of duties results in an inadequate overall internal control structure design.
- Cause - The County does not employ sufficient office personnel to properly segregate accounting functions.
- Recommendation - 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.
- View of Officials - 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

Finding # 2023-002

- Program - AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension & Debarment
- Grant Number & Year - SLFRP3105, March 3, 2021, through December 31, 2024
- Federal Grantor Agency - U.S. Department of the Treasury
- Criteria - Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.303 (January 1, 2023) states the following, in relevant part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

ANTELOPE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

The U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR § 1000.10 (January 1, 2023), which states the following:

Except for the deviations set forth elsewhere in this Part, the Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.

2 CFR § 200.214 (January 1, 2023) states the following:

Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR § 180.300 (January 1, 2023) requires non-Federal entities to verify that an entity is not excluded or disqualified prior to entering into a covered transaction by: “(a) Checking SAM Exclusions; or (b) Collecting a certification from that . . . [entity]; or (c) Adding a clause or condition to the covered transaction with that . . . [entity].”

A good internal control plan requires the County to have proper procedures in place to verify that contractors paid with Federal funds are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities.

Condition -

Antelope County could not provide documentation to support the County implemented effective internal controls to ensure that suspension and debarment requirements were followed and adequately documented.

We noted the County used Coronavirus State and Local Fiscal Recovery Funds to pay one vendor over \$25,000, totaling \$1,204,000, during the fiscal year ended June 30, 2023. The County failed to ensure that this vendor, A&R Construction, was not excluded or disqualified prior to entering into this covered transaction.

We reviewed SAM.gov, and noted this vendor was not suspended, debarred, or otherwise excluded from participation in Federal programs or activities as of the date testing was performed.

Repeat Finding -

No

Questioned Costs -

None

Statistical Sample -

No

Cause -

Lack of procedures and knowledge regarding suspension and debarment requirements

Effect -

Without adequate procedures to ensure contractors are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations, leading to possible Federal sanctions.

ANTELOPE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Recommendation - We recommend the County implement procedures to ensure, prior to entering into a covered transaction, that a contractor is not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, and those procedures are adequately documented.

View of Officials - It will be the practice of Antelope County to check vendor status with the SAMS/DUNS before any payments are made utilizing Federal funds. To further ensure the funds are safely being utilized and spent, regular checks on the vendor status will be completed.

Finding # 2023-003

Program - AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Reporting

Grant Number & Year - SLFRP3105, March 3, 2021, through December 31, 2024

Federal Grantor Agency - U.S. Department of the Treasury

Criteria - Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.303 (January 1, 2023) states the following, in relevant part:

The non-Federal entity must:

a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR § 1000.10 (January 1, 2023), which states the following:

Except for the deviations set forth elsewhere in this Part, the Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.

The U.S. Department of the Treasury issued “Compliance and Reporting Guidance” and frequently asked questions, which specify the reporting requirements related to Coronavirus State and Local Fiscal Recovery Funds.

A good internal control plan includes establishing effective internal controls through written policies and procedures to ensure Federal reporting requirements are completed accurately. Such plan should include, among other things, appropriate training on Federal reporting requirements and require a documented, detailed review of each report to be completed by a knowledgeable individual, who did not prepare the report, prior to submission.

ANTELOPE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Concluded)

Condition - Antelope County did not implement effective internal controls to ensure that the reporting requirements of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) were completed accurately. The Project and Expenditure report submitted on May 1, 2023, did not contain accurate information for multiple expenditure and obligations categories.

Repeat Finding - No

Questioned Costs - None

Statistical Sample - No

Context - The following table summarizes the variances noted:

Row Categories on SLFRF Report	Amount Reported	Amount Recorded in Accounting System	Over/(Under) Reported
Total Cumulative Obligations	\$ 1,222,000	\$ 1,223,313	\$ (1,313)
Total Cumulative Expenditures	20,000	19,750	250
Current Period Obligations	0	1,203,563	(1,203,563)
Current Period Expenditures	0	19,750	(19,750)
Total Obligations	1,222,000	1,223,313	(1,313)
Total Expenditures	20,000	\$ 19,750	250

Cause - Lack of procedures and knowledge relating to Federal reporting requirements.

Effect - Inaccurate information was reported to the U.S. Department of the Treasury on the 2023 Project and Expenditure report. Additionally, there is an increased risk the County is not in compliance with the reporting requirements set by the U.S. Department of the Treasury.

Recommendation - We recommend the County implement procedures to ensure Federal reporting requirements are completed accurately. Such procedures could include, among other things, appropriate training on Federal reporting requirements and a documented review by a knowledgeable individual who was not involved in the preparation of the report.

View of Officials - Antelope County will complete the annual expenditure report as required by ARPA Funding.



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November 6, 2023

Board of Commissioners
Antelope County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Antelope County (County) for the fiscal year ended June 30, 2023, and have issued our report thereon dated November 6, 2023. 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

Bidding Procedures

During the audit, we noted the following issues with bidding procedures by the County Board:

- The County made multiple payments during the fiscal year, totaling \$396,200, to Spud Trucking for the delivery of gravel to various County road sites. However, the County failed to receive bids for the hauling of gravel. The cost for hauling gravel to specific road sites ranged from \$6,860 to \$61,460. It should be noted the County received bids only for the purchase of gravel, not the delivery.
- In June 2023, the County purchased a 2022 Wirtgen W120 Fit Cold Mill Machine from Murphy Tractor for \$568,962, using a Sourcwell cooperative contract price as allowed per State statute. Sourcwell is an entity created to work as a service cooperative to assist local governments in obtaining various bidding contracts from vendors rather than the County performing its own competitive bidding requirements.

We contacted the County to obtain the Sourcwell contract used for the contract price; however, the County was unable to provide any documentation of the Sourcwell contract used to purchase this equipment from Murphy Tractor. We did obtain the applicable Sourcwell contract information directly from Murphy Tractor, which agreed to the purchase price. However, it is imperative that the County maintains any third-party contracts used instead of following competitive bidding requirements to ensure transparency of the use of Public funds.

- The County purchased gravel, totaling \$25,103, from J & J Materials during fiscal year 2023. The County accepted all gravel bids for fiscal year 2023 in March 2022; however, a bid from J & J Materials was not submitted and accepted by the County. After further inquiry, the County stated that bidding was not required because the purchase had been for chipped red rock, which is a specialty rock that no other vendors can offer in the County. However, the County was unable to provide any documentation to support that the purchase was unique and did not require bidding.

Neb. Rev. Stat. § 23-3108 (Reissue 2022) states the following, in relevant part:

(1) Except as provided in section 23-3109, purchases of personal property or services by the county board or purchasing agent shall be made:

(a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is fifty thousand dollars or more;

(b) By securing and recording at least three informal bids, if practicable, if the estimated value of the purchase is equal to or exceeds ten thousand dollars, but is less than fifty thousand dollars; or

* * * *

(3) All contracts and leases shall be approved as to form by the county attorney, and a copy of each long-term contract or lease shall be filed with the county clerk.

Neb. Rev. Stat. § 39-810(1)(c) (Cum. Supp. 2022) states the following:

All contracts for materials for repairing, erecting, and constructing bridges and approaches thereto or culverts or for the purchase of gravel for roads, the cost and expense of which exceed twenty thousand dollars, shall be let to the lowest responsible bidder, but the board may reject any and all bids submitted for such materials.

Good internal controls and sound business practice require procedures to ensure the following: 1) bids are received for applicable purchases in compliance with State statute; 2) documentation is maintained for any third-party or other bidding used; and 3) documentation is maintained for any unique purchases that the County has determined do not require bidding.

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

A similar comment was noted in the prior year's report.

We recommend the County Board implement procedures to ensure the following:
1) bids are received for applicable purchases in compliance with State statute; 2) documentation is maintained for any third-party bidding used; and 3) documentation is maintained for any unique purchases the County has determined do not require bidding.

Lack of Credit Card Policy

During the audit, we noted that several offices in the County held credit cards for making purchases without needing to go through the claims process. However, the County does not have a purchasing card policy that specifies, among other things, what purchases are allowed and who is authorized to utilize the County credit cards.

Furthermore, the APA was informed that the County has two credit cards that are left at the local Casey's and Cubby's gas stations for County employees to use when needed. The risk of fraudulent use increases significantly when County credit cards are not in the County's possession.

The table below details the County credit cards held by various offices, employees, and other entities:

Office/Employee	Number Of Cards	Type of Cards
County Sheriff	6	Visa, Commissary Visa, Casey's, Speedee Mart, Sinclair, Dollar General
Sheriff Employee 1	3	Visa, Speedee Mart, Sinclair
Sheriff Employee 2	2	Casey's, Speedee Mart
Sheriff Employee 3	3	Visa, Commissary Visa, Dollar General
County Sheriff Office	6	2 Speedee Mart, 4 Sinclair Cards
County Road Department and Sheriff	1	Cubby's
County Road Department and Sheriff	1	Casey's General Store
Total Cards	22	

Neb. Rev. Stat. § 13-610 (Reissue 2022) states, in relevant part, the following:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card

(2) Any political subdivision may utilize its purchasing card program for the purchase of goods and services for and on behalf of the political subdivision.

* * * *

(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

In order to ensure compliance with the provisions of § 13-610, the County Board must determine the need for such County purchasing program, and if determined necessary, the County Board must adopt a formal policy specifying, among other things, both the authorized users of the County's credit cards and the types purchases that may be made with them.

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

We recommend the County Board review the number of County credit cards and the offices or individuals utilizing the cards and determine the need for a County purchasing card program. If determined to be necessary, we recommend the County Board adopt a formal policy specifying, among other things, both the authorized users of the County's credit cards and the types of purchases that may be made with them. Additionally, such policy should require all purchasing cards to be kept in the possession of County officials or employees.

COUNTY SHERIFF

Accounting Procedures

During the audit, we noted issues with the County Sheriff's accounting procedures for the Fee account, Commissary account, and Civil Process account, as described below.

Fee Account

The following issues with the County Sheriff’s Fee account were noted:

- As of June 30, 2023, we noted an unknown cash short of \$810. The following table provides details of how this short was calculated:

Office Assets:	
Reconciled Bank Balance	\$ 17,627
Total Office Assets	\$ 17,627
Office Liabilities:	
Due to County	\$ 1,118
Due to Others	17,319
Total Office Liabilities	\$ 18,437
Unknown Short	\$ (810)

- The check register was not properly maintained. As of June 30, 2023, the check register showed a book balance of \$17,165, which was \$462 less than our calculated book balance of \$17,627. Specifically, we noted that one check was recorded on the check register for \$463; however, the check cleared the bank for \$280, or a \$183 variance. The remaining \$279 variance was unknown.
- The bank account had a negative balance for six days in November 2022, with the largest negative balance of \$248. As a result, the County Sheriff incurred \$64 in overdraft fees.
- We noted that title inspection and firearm permit fees, totaling \$1,067, were collected in December and November 2022 but not remitted to the County Treasurer until April 2023.

Commissary Account

The following issues with the County Sheriff’s Commissary account were noted:

- As of June 30, 2023, we noted an unknown cash long of \$4,058. The following table provides details of how this long was calculated:

Office Assets:	
Reconciled Bank Balance	\$ 7,604
Cash on Hand	275
Total Office Assets	\$ 7,879
Office Liabilities:	
Authorized Petty Cash	\$ 275
Inmate Trust Balance	3,546
Total Office Liabilities	\$ 3,821
Unknown Long	\$ 4,058

- The check register was not properly maintained. As of June 30, 2023, the check register showed a book balance of \$7,297, which was \$307 less than our calculated book balance of \$7,604. Specifically, we noted the following errors: 1) a prior year deposit of \$490 was recorded twice on the check register, resulting in an overstatement by the same amount; 2) one check for \$50 was recorded as a deposit on the check register instead of a withdrawal, resulting in an overstatement of \$100; 3) one check for \$21 was not deducted from the check register balance, resulting in an overstatement by the same amount; and 4) one check for \$93 was voided on the check register but cleared the bank in September 2022, resulting in an overstatement of the same amount. All of the known overstatements totaled \$704. The remaining \$1,011 understatement variance was unknown.
- The prior year check register ending balance was (\$11,521); however, the current year’s beginning balance was (\$1,684), or an unknown increase of \$9,837.

- The County Sheriff did not complete an accurate bank reconciliation. Specifically, we noted that one check, totaling \$354, was listed as outstanding on the June 2023 bank reconciliation; however, the check cleared the bank account in September 2022.

Civil Process Account

The following issues with the County Sheriff's Civil Process account were noted:

- The account had an unknown trust balance, totaling \$1,530 as of June 30, 2023. The County Sheriff was unable to identify the proper recipient(s) of these funds.
- Fees, totaling \$1,307, earned in December and November 2022 were not remitted to the County Treasurer until April 2023.
- We noted that the fees and mileage remitted to the County Treasurer did not agree to the fees and mileage earned in July and August 2022. This resulted in the County Sheriff under-remitting \$84 in fees earned and over-remitting \$118 in mileage earned, or a net under remittance of \$34.
- Fees earned for two cases in June 2023, totaling \$49, were not remitted to the County Treasurer timely.

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.

Good internal control and sound business practices require procedures to ensure the following: 1) office assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, authorized petty cash, and accounts payable), and any variances noted are resolved timely; 2) reconciliations, including book balances, are completed and accurate; 3) sufficient funds are available in the County Sheriff bank accounts to cover expenditures; 4) trust balances under the control of the County Sheriff are carefully tracked to allow for the identification of the proper recipients; and 5) all fees earned by the County Sheriff are remitted timely to the County Treasurer, as required by State statute.

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

A similar finding was included in the prior report.

We recommend the County Sheriff implement procedures to ensure the following: 1) office assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, authorized petty cash, and accounts payable), and any variances noted are resolved timely; 2) reconciliations, including book balances, are completed and accurate; 3) sufficient funds are available in the County Sheriff bank accounts to cover expenditures; 4) trust balances under the control of the County Sheriff are carefully tracked to allow for the identification of the proper recipients; and 5) all fees earned are remitted timely to the County Treasurer, as required by State statute.

County Sheriff Response: Fee Account: As suggested by the Auditor in October 2022, a check for \$609.23 for a cash long was written to the Treasurer. We, along with the Clerk's Office have reviewed the account looking for errors. Currently, claims for money owed to the treasurer have been submitted to bring the account current. Separating the fee account and civil process account will help maintenance of the account. October 2022, after the 2022 Audit it was reported a check for cash long needed to be written to the Treasurer. This is part of the effect of that claim. A claim was submitted for the bank fees incurred, and it no longer is reflected in the bank balance. The register shows the check above this was for \$462.50 – in error, the check was recorded for that amount for this check. The check amount was corrected to \$279.57. To avoid incurring additional bank fees, the fees were not remitted until the account was balanced, and/or at least we could explain the differences. We did not want to remit them to avoid additional bank fees.

Civil Process Account: These fees are due to the Treasurer as civil fees earned. We recently discovered the wrong report was being used to support civil fees earned on the served date. The civil process not served was not reporting on the reports. The correct report is being used. A check is being issued to the Treasurer. Did not want to remit fees until we had the account figured out, as we did not want to acquire more bank fees. With current measures in place, fees should be remitted in a timely manner.

Commissary Account: June 30th, 2023, cash long of \$4,058.00 should have been paid to the treasurer. However, a check was not written until 7/12/23. The ending of a fiscal year and the beginning of the fiscal year is a very busy time. Normally, the fees are turned over by the 15th of the month. Making this a timely turn. There were several All-Paid transactions not recorded at the time of the previous audit email. During an exam of the register all paid transactions for the previous year were matched with discrepancies. Six (6) out of several hundred transactions were found. Balancing the checks written to the treasurer is essential. If you are showing a long balance, I believe the treasurer's check hadn't been written at that time. There is a protection of \$500.00 in addition to the current trust fund balance, there are constant in and out transactions on this account, so it is a safety protection on this cushion. In March of 2022, the management of the Commissary Account was handed to a new Office Supervisor. As with a lot of their responsibilities, there has been a learning experience. Documentation and accuracy will increase the more they learn from experience and audits. Most of the account longs were a timing issue of paying to the treasurer timely. All efforts and experience will help to be timelier in the future.

APA Response: If any unknown longs were due to timing, the County Sheriff should have identified the specific reconciling items causing the variance during the asset-to-liability reconciliation. No such reconciliation was performed by the County Sheriff, nor was he able to provide the specific reconciling items when asked about the long during the audit.

Per Neb. Rev. Stat. § 23-106(2) (Reissue 2022), for the County Sheriff to hold additional money to avoid the bank account going negative and incurring overdraft charges, the County Board would need to approve an authorized petty cash balance for that account. Furthermore, the County Sheriff should reconcile that balance on, at least, a monthly basis.

Unauthorized Petty Cash

During the audit, we noted that, according to the County budget message, the authorized petty cash balances for the County Sheriff included \$200 for the County Sheriff's Office; however, the County Sheriff's Office holds a petty cash balance of \$450, or a \$250 variance.

Neb. Rev. Stat. § 23-106 (Reissue 2022) provides the following:

(1) The county board shall manage the county funds and county business except as otherwise specifically provided.

(2) The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) provides the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Good internal controls and sound business practices require procedures to ensure that all petty cash amounts are reported accurately in the County budget message, and any excess funds are remitted to the County Treasurer.

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

We recommend the County Sheriff implement procedures to ensure all petty cash amounts are reported accurately in the County Board budget message, and any excess funds are remitted to the County Treasurer.

County Sheriff Response: This was a miscommunication between the Sheriff's Office and the Clerk's Office. It has been corrected to reflect the correct petty cash amounts and bank accounts.

COUNTY OVERALL

Segregation of Duties

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.

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.

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 that reads "Dakota Christensen". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

Dakota Christensen, CPA, CISA, CFE
Audit Manager