

**AUDIT REPORT
OF
CUSTER COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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the Auditor of Public Accounts.**

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Issued on October 31, 2023

CUSTER COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Fiduciary Funds	9
Notes to Financial Statements	10 - 17
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20 - 21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 25
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Funds	26 - 29
Schedule of Office Activities	30
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	31
Government Auditing Standards Section	
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 <i>Government Auditing Standards</i>	32 - 33

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

LIST OF COUNTY OFFICIALS

At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Dwain Bryner	Jan. 2025
	Tammy Kleeb	Jan. 2025
	Lynn Longmore	Jan. 2025
	Charles Blowers	Jan. 2027
	Barry Fox	Jan. 2027
	Anne Gibbons	Jan. 2027
	Sara Parliament	Jan. 2027
Assessor	Elise Taylor	Jan. 2027
Attorney	Steven Bowers	Jan. 2027
Clerk Election Commissioner	Constance Gracey	Jan. 2027
Register of Deeds	Christie Trumbull	Jan. 2027
Clerk of the District Court	Amy Oxford	Jan. 2027
Sheriff	Dan Osmond	Jan. 2027
Treasurer	Sheri Bryant	Jan. 2027
Surveyor	Shawn Boyd	Appointed
Veterans' Service Officer	Emory Haynes	Appointed
Weed Superintendent	Tim Conover	Appointed
Highway Superintendent	Chris Jacobsen	Appointed
Recycling Center	Kelly Flynn	Appointed
Planning & Zoning	Darci Tibbs	Appointed
Emergency Manager	Mark Rempe	Appointed



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CUSTER COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Custer County, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Custer County, as of and for the year ended June 30, 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 Custer 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, and schedule of taxes certified and collected, pages 18-31, 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 October 18, 2023, on our consideration of Custer County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over

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

A handwritten signature in black ink, appearing to read "Jeff Schreier". The signature is written in a cursive style with a large initial "J".

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

October 18, 2023

CUSTER COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 12,133,686
Investments (Note 1.D)	772,452
TOTAL ASSETS	\$ 12,906,138
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 85,687
911 Emergency Services	285,679
Drug Education	3,078
Law Enforcement	21,699
Preservation of Records	12,877
Road/Bridge Maintenance	963,020
Economic Development	123,218
Federal Relief	2,054,389
Unrestricted	9,356,491
TOTAL NET POSITION	\$ 12,906,138

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

CUSTER COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2023

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	\$ (4,298,431)	\$ 729,795	\$ 113,222	\$ (3,455,414)
Public Safety	(2,145,583)	71,001	311,088	(1,763,494)
Public Works	(13,378,386)	293,375	4,735,705	(8,349,306)
Public Assistance	(125,294)	-	-	(125,294)
Culture and Recreation	(114,951)	-	-	(114,951)
Debt Payments	(818,812)	-	-	(818,812)
Total Governmental Activities	<u>\$ (20,881,457)</u>	<u>\$ 1,094,171</u>	<u>\$ 5,160,015</u>	<u>(14,627,271)</u>

General Receipts:

Taxes:	
Property	7,320,247
Motor Vehicle	589,761
Inheritance	777,727
Lodging	110,703
Other	231,278
Grants and Contributions Not Restricted to	
Specific Programs	1,561,006
Investment Income	287,508
Miscellaneous	278,462
Total General Receipts	<u>11,156,692</u>
Change in Net Position	(3,470,579)
Net Position - Beginning of year	16,376,717
Net Position - End of year	<u>\$ 12,906,138</u>

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

CUSTER COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 2,577,049	\$ 1,154,526	\$ 3,854,458	\$ 2,054,389	\$ 2,493,264	\$ 12,133,686
Investments (Note 1.D)	-	-	772,452	-	-	772,452
TOTAL ASSETS	<u>\$ 2,577,049</u>	<u>\$ 1,154,526</u>	<u>\$ 4,626,910</u>	<u>\$ 2,054,389</u>	<u>\$ 2,493,264</u>	<u>\$ 12,906,138</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	85,687	85,687
911 Emergency Services	-	-	-	-	285,679	285,679
Drug Education	-	-	-	-	3,078	3,078
Law Enforcement	-	-	-	-	21,699	21,699
Preservation of Records	-	-	-	-	12,877	12,877
Road/Bridge Maintenance	-	-	-	-	963,020	963,020
Economic Development	-	-	-	-	123,218	123,218
Federal Relief	-	-	-	2,054,389	-	2,054,389
Committed to:						
Law Enforcement/Public Safety	-	-	-	-	112,842	112,842
Road Maintenance	-	1,154,526	-	-	-	1,154,526
Aid and Assistance	-	-	-	-	98,006	98,006
Miscellaneous Projects	-	-	-	-	715,089	715,089
Disaster Recovery	-	-	-	-	72,069	72,069
Assigned to:						
Other Purposes	-	-	4,626,910	-	-	4,626,910
Unassigned	2,577,049	-	-	-	-	2,577,049
TOTAL CASH BASIS FUND BALANCES	<u>\$ 2,577,049</u>	<u>\$ 1,154,526</u>	<u>\$ 4,626,910</u>	<u>\$ 2,054,389</u>	<u>\$ 2,493,264</u>	<u>\$ 12,906,138</u>

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

CUSTER COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes:						
Property	\$7,044,305	\$ -	\$ -	\$ -	\$ 275,942	\$ 7,320,247
Motor Vehicle	589,761	-	-	-	-	589,761
Inheritance	-	-	777,727	-	-	777,727
Lodging	-	-	-	-	110,703	110,703
Other	141,866	9	-	-	89,403	231,278
Investment Income	270,712	-	-	11,724	5,072	287,508
Intergovernmental	445,225	4,151,114	-	1,096,654	1,028,028	6,721,021
Charges for Services	772,751	293,375	-	-	28,045	1,094,171
Miscellaneous	87,830	139,487	-	-	51,145	278,462
TOTAL RECEIPTS	<u>9,352,450</u>	<u>4,583,985</u>	<u>777,727</u>	<u>1,108,378</u>	<u>1,588,338</u>	<u>17,410,878</u>
DISBURSEMENTS						
General Government	3,944,654	-	-	35,102	318,675	4,298,431
Public Safety	1,585,746	-	-	-	559,837	2,145,583
Public Works	283,644	12,393,149	-	65,534	636,059	13,378,386
Public Assistance	125,294	-	-	-	-	125,294
Culture and Recreation	-	-	15,000	-	99,951	114,951
Debt Service:						
Principal Payments	-	-	-	-	810,000	810,000
Interest and Fiscal Charges	-	-	-	-	8,812	8,812
TOTAL DISBURSEMENTS	<u>5,939,338</u>	<u>12,393,149</u>	<u>15,000</u>	<u>100,636</u>	<u>2,433,334</u>	<u>20,881,457</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>3,413,112</u>	<u>(7,809,164)</u>	<u>762,727</u>	<u>1,007,742</u>	<u>(844,996)</u>	<u>(3,470,579)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	3,349,724	215,878	-	889,110	4,454,712
Transfers out	(3,349,724)	-	(817,775)	-	(287,213)	(4,454,712)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,349,724)</u>	<u>3,349,724</u>	<u>(601,897)</u>	<u>-</u>	<u>601,897</u>	<u>-</u>
Net Change in Fund Balances	63,388	(4,459,440)	160,830	1,007,742	(243,099)	(3,470,579)
CASH BASIS FUND BALANCES - BEGINNING	<u>2,513,661</u>	<u>5,613,966</u>	<u>4,466,080</u>	<u>1,046,647</u>	<u>2,736,363</u>	<u>16,376,717</u>
CASH BASIS FUND BALANCES - ENDING	<u><u>\$2,577,049</u></u>	<u><u>\$1,154,526</u></u>	<u><u>\$4,626,910</u></u>	<u><u>\$2,054,389</u></u>	<u><u>\$ 2,493,264</u></u>	<u><u>\$12,906,138</u></u>

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

CUSTER COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
FIDUCIARY FUNDS
For the Year Ended June 30, 2023

	<u>Custodial Fund Balances July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Custodial Fund Balances June 30, 2023</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,452,126	\$ 45,179,476	\$ 45,312,838	\$ 1,318,764
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	349,822	4,381,734	4,386,680	344,876
State - Collected by Other Offices	18,260	160,220	169,812	8,668
Schools	396,942	29,421,043	29,453,690	364,295
Educational Service Units	4,674	518,952	518,861	4,765
Technical College	23,436	2,688,870	2,687,270	25,036
Natural Resource Districts	9,602	1,185,587	1,183,623	11,566
Cemetery Districts	55	9,202	9,186	71
Fire Districts	5,602	805,836	806,184	5,254
Municipalities	77,450	2,535,295	2,551,350	61,395
Agricultural Society	1,567	176,243	176,180	1,630
Townships	48,816	1,921,874	1,919,706	50,984
Reclamation Districts	550	59,338	59,209	679
Hospital Districts	1,387	320,018	319,026	2,379
Others - Collected by County Treasurer	118,347	367,118	453,180	32,285
Others - Collected by Other Offices	395,616	628,146	618,881	404,881
TOTAL LIABILITIES	<u>1,452,126</u>	<u>45,179,476</u>	<u>45,312,838</u>	<u>1,318,764</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

Behavioral Health Region III – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$28,062 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 Loup Basin Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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.

CUSTER 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.

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 and approved by the County Board.

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

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

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

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 \$3,549,647 of restricted net position which is fully restricted by enabling legislation.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 \$12,133,686 for County funds and \$1,318,764 for Fiduciary funds. The bank balances for all funds totaled \$13,290,871. 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. The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$772,452 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. Taxes

Property taxes are levied by the County Board on or before October 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.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

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 \$.211738/\$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 \$.209046/\$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.

4. **Retirement System**

The Retirement System for Nebraska Counties (the 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.

For the year ended June 30, 2023, 127 employees contributed \$225,967, and the County contributed \$336,701. Contributions included \$4,499 in cash contributions towards the supplemental law enforcement plan for 10 law enforcement employees. Lastly, the County paid \$166 directly to two retired employees for prior service benefits.

CUSTER 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 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 the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 3,349,724	\$ -	\$ -	\$ 3,349,724
Inheritance Fund	-	-	215,878	215,878
Nonmajor Funds	-	817,775	71,335	889,110
Total	\$ 3,349,724	\$ 817,775	\$ 287,213	\$ 4,454,712

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

During the fiscal year ended June 30, 2023, Custer County made a one-time transfer of \$215,878 from the Disaster Relief Fund to the Inheritance Fund after disaster loan repayments were received from the County's townships.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Long-Term Obligations**

Bonds

The County issued bonds on June 10, 2015, in the amount of \$3,000,000 for the purpose of paying the costs of constructing, equipping, and furnishing a new judicial building. The bonds were paid off in full during the fiscal year ending June 30, 2023.

8. **Notes Receivable**

Emergency Appropriations. On May 21, 2019, the County Board approved a transfer of \$1,000,000 from the Inheritance Fund to the Disaster Relief Fund to fund temporary emergency appropriation loans to County townships for emergency management purposes. Repayment must be made from all available funding, including Federal reimbursements, and property taxes. The original loan terms required repayment of such loans to be made within one year from the loan execution; however, the County Board approved extensions. As of June 30, 2023, two townships had received extensions from the County Board, and had outstanding amounts owed to the County totaling \$148,085.

Department of Economic Development – Community Development Block Grants. In 2002, the County received a Community Development Block Grant from the Nebraska Department of Economic Development (DED) in the amount of \$400,440. Over the years, the amount was loaned to various businesses, which repaid that money to the County. The DED program has now ended, and any money left in the Fund or still being returned to the County is being used as a match for projects approved by the DED or to make new Housing Rehabilitation Program loans. As of June 30, 2023, the County had six outstanding Revolving Loan Fund loans, totaling \$398,012, and 11 outstanding Housing Rehabilitation Program loans, totaling \$236,108. The County has contracted with Custer Economic Development Corporation for the administration of these loans.

9. **Contingent Liabilities**

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

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 7,736,708	\$ 7,736,708	\$ 7,775,932	\$ 39,224
Investment Income	20,050	20,050	270,712	250,662
Intergovernmental	945,198	945,198	445,225	(499,973)
Charges for Services	667,743	667,743	772,751	105,008
Miscellaneous	340,000	340,000	87,830	(252,170)
TOTAL RECEIPTS	9,709,699	9,709,699	9,352,450	(357,249)
DISBURSEMENTS				
General Government:				
County Board	189,051	189,817	189,817	-
County Clerk	120,011	120,011	117,591	2,420
County Treasurer	313,968	313,968	312,067	1,901
Register of Deeds	121,627	121,627	120,427	1,200
County Assessor	226,441	226,441	202,873	23,568
Election Commissioner	75,660	75,660	59,755	15,905
Building and Zoning	59,513	59,513	49,503	10,010
Data Processing	178,050	178,050	156,226	21,824
Clerk of the District Court	130,923	130,923	108,676	22,247
County Court System	15,215	15,215	5,361	9,854
District Judge	30,810	30,810	17,702	13,108
Judicial Center	76,949	76,949	66,017	10,932
Building and Grounds	98,700	98,700	96,150	2,550
Reappraisal	78,930	78,930	63,504	15,426
Agricultural Extension Agent	136,261	136,261	120,898	15,363
Personnel	461,610	475,847	475,847	-
Employment Security	30,000	30,000	-	30,000
Insurance	1,234,759	1,187,307	955,188	232,119
GIS	35,000	35,000	20,413	14,587
District Court Child Support	13,552	13,552	4,479	9,073
County Building	36,400	36,400	17,481	18,919
Grants	766,000	766,000	208,065	557,935
Judicial Center Miscellaneous	18,130	18,130	9,456	8,674
Miscellaneous	594,683	594,683	567,158	27,525
Public Safety				
County Sheriff	758,817	758,817	758,104	713
County Attorney	227,729	227,729	223,512	4,217
County Attorney Child Support	111,225	111,225	103,313	7,912
County Jail	329,550	329,550	322,312	7,238
Emergency Management	189,454	189,454	178,505	10,949

(Continued)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	86,731	86,731	67,674	19,057
Noxious Weed Control	57,350	57,350	48,772	8,578
Recycling	167,669	167,669	167,198	471
Public Assistance				
Relief	60,000	60,000	35,654	24,346
Veterans' Service Officer	92,657	92,657	88,911	3,746
Institutions	10,000	10,000	729	9,271
TOTAL DISBURSEMENTS	7,133,425	7,100,976	5,939,338	1,161,638
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	2,576,274	2,608,723	3,413,112	804,389
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(3,289,750)	(3,322,199)	(3,349,724)	(27,525)
TOTAL OTHER FINANCING SOURCES (USES)	(3,289,750)	(3,322,199)	(3,349,724)	(27,525)
Net Change in Fund Balance	(713,476)	(713,476)	63,388	776,864
FUND BALANCE - BEGINNING	2,513,476	2,513,476	2,513,661	185
FUND BALANCE - ENDING	\$ 1,800,000	\$ 1,800,000	\$ 2,577,049	\$ 777,049

(Concluded)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ 8	\$ 8	\$ 9	\$ 1
Intergovernmental	3,502,750	3,502,750	4,151,114	648,364
Charges for Services	200,000	200,000	293,375	93,375
Miscellaneous	80,000	80,000	139,487	59,487
TOTAL RECEIPTS	<u>3,782,758</u>	<u>3,782,758</u>	<u>4,583,985</u>	<u>801,227</u>
DISBURSEMENTS	<u>13,886,474</u>	<u>13,886,474</u>	<u>12,393,149</u>	<u>1,493,325</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(10,103,716)</u>	<u>(10,103,716)</u>	<u>(7,809,164)</u>	<u>2,294,552</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,489,750	5,489,750	3,349,724	(2,140,026)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,489,750</u>	<u>5,489,750</u>	<u>3,349,724</u>	<u>(2,140,026)</u>
Net Change in Fund Balance	(4,613,966)	(4,613,966)	(4,459,440)	154,526
FUND BALANCE - BEGINNING	5,613,966	5,613,966	5,613,966	-
FUND BALANCE - ENDING	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,154,526</u>	<u>\$ 154,526</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 500,000	\$ 500,000	\$ 777,727	\$ 277,727
TOTAL RECEIPTS	<u>500,000</u>	<u>500,000</u>	<u>777,727</u>	<u>277,727</u>
DISBURSEMENTS	<u>2,384,305</u>	<u>2,384,305</u>	<u>15,000</u>	<u>2,369,305</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,884,305)</u>	<u>(1,884,305)</u>	<u>762,727</u>	<u>2,647,032</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	436,000	436,000	215,878	(220,122)
Transfers out	(3,017,775)	(3,017,775)	(817,775)	2,200,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,581,775)</u>	<u>(2,581,775)</u>	<u>(601,897)</u>	<u>1,979,878</u>
Net Change in Fund Balance	(4,466,080)	(4,466,080)	160,830	4,626,910
FUND BALANCE - BEGINNING	4,466,080	4,466,080	4,466,080	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,626,910</u>	<u>\$ 4,626,910</u>

(Continued)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COVID AMERICAN RESCUE PLAN FUND</u>				
RECEIPTS				
Investment Income	\$ 1,000	\$ 1,000	\$ 11,724	\$ 10,724
Intergovernmental	1,046,653	1,046,653	1,096,654	50,001
TOTAL RECEIPTS	<u>1,047,653</u>	<u>1,047,653</u>	<u>1,108,378</u>	<u>60,725</u>
 DISBURSEMENTS	 <u>2,094,300</u>	 <u>2,094,300</u>	 <u>100,636</u>	 <u>1,993,664</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	 <u>(1,046,647)</u>	 <u>(1,046,647)</u>	 <u>1,007,742</u>	 <u>2,054,389</u>
 FUND BALANCE - BEGINNING	 <u>1,046,647</u>	 <u>1,046,647</u>	 <u>1,046,647</u>	 <u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,054,389</u>	<u>\$ 2,054,389</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK PROGRAM FUND				
Receipts	\$ 558,674	\$ 558,674	\$ 584,591	\$ 25,917
Disbursements	(1,573,162)	(1,573,162)	(636,059)	937,103
Net Change in Fund Balance	(1,014,488)	(1,014,488)	(51,468)	963,020
Fund Balance - Beginning	1,014,488	1,014,488	1,014,488	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963,020</u>	<u>\$ 963,020</u>
SINKING FUND				
Receipts	\$ 50,762	\$ 50,762	\$ 54,605	\$ 3,843
Disbursements	(929,331)	(929,331)	(218,085)	711,246
Net Change in Fund Balance	(878,569)	(878,569)	(163,480)	715,089
Fund Balance - Beginning	878,569	878,569	878,569	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,089</u>	<u>\$ 715,089</u>
VISITOR PROMOTION FUND				
Receipts	\$ 56,000	\$ 56,000	\$ 55,351	\$ (649)
Disbursements	(65,055)	(65,055)	(64,104)	951
Net Change in Fund Balance	(9,055)	(9,055)	(8,753)	302
Fund Balance - Beginning	29,055	29,055	29,055	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,302</u>	<u>\$ 302</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 56,000	\$ 56,000	\$ 58,852	\$ 2,852
Disbursements	(78,380)	(78,380)	(35,847)	42,533
Net Change in Fund Balance	(22,380)	(22,380)	23,005	45,385
Fund Balance - Beginning	42,380	42,380	42,380	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 65,385</u>	<u>\$ 45,385</u>
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 9,179	\$ 9,179	\$ 7,017	\$ (2,162)
Disbursements	(26,509)	(26,509)	(11,470)	15,039
Net Change in Fund Balance	(17,330)	(17,330)	(4,453)	12,877
Fund Balance - Beginning	17,330	17,330	17,330	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,877</u>	<u>\$ 12,877</u>

(Continued)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 466	\$ 466
Disbursements	(97,540)	(97,540)	-	97,540
Net Change in Fund Balance	(97,540)	(97,540)	466	98,006
Fund Balance - Beginning	97,540	97,540	97,540	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,006</u>	<u>\$ 98,006</u>
STOP PROGRAM FUND				
Receipts	\$ 20,000	\$ 20,000	\$ 3,375	\$ (16,625)
Disbursements	(20,000)	(20,000)	(2,434)	17,566
Net Change in Fund Balance	-	-	941	941
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 941</u>	<u>\$ 941</u>
DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 16,922	\$ 16,922	\$ -	\$ (16,922)
Disbursements	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	(3,078)	(3,078)	-	3,078
Fund Balance - Beginning	3,078	3,078	3,078	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,078</u>	<u>\$ 3,078</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ 55	\$ 55
Disbursements	(24,180)	(24,180)	(2,536)	21,644
Net Change in Fund Balance	(24,180)	(24,180)	(2,481)	21,699
Fund Balance - Beginning	24,180	24,180	24,180	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,699</u>	<u>\$ 21,699</u>
REUSE GRANT FUND				
Receipts	\$ 215,363	\$ 215,363	\$ 30,417	\$ (184,946)
Disbursements	(16,452)	(16,452)	(4,290)	12,162
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(27,172)	172,828
Net Change in Fund Balance	(1,089)	(1,089)	(1,045)	44
Fund Balance - Beginning	1,089	1,089	1,089	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ 44</u>

(Continued)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HOUSING REUSE GRANT FUND				
Receipts	\$ 148,000	\$ 148,000	\$ 1,878	\$ (146,122)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(150,000)	(150,000)	(3,501)	146,499
Net Change in Fund Balance	(2,000)	(2,000)	(1,623)	377
Fund Balance - Beginning	2,000	2,000	2,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377</u>	<u>\$ 377</u>
REPURPOSED CDBG HOUSING FUND				
Receipts	\$ -	\$ -	\$ 683	\$ 683
Disbursements	(526,271)	(526,271)	(84,830)	441,441
Transfers in	350,000	350,000	30,673	(319,327)
Transfers out	-	-	-	-
Net Change in Fund Balance	(176,271)	(176,271)	(53,474)	122,797
Fund Balance - Beginning	176,271	176,271	176,271	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,797</u>	<u>\$ 122,797</u>
DISASTER RELIEF FUND				
Receipts	\$ 434,921	\$ 434,921	\$ 286,868	\$ (148,053)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(436,000)	(436,000)	(215,878)	220,122
Net Change in Fund Balance	(1,079)	(1,079)	70,990	72,069
Fund Balance - Beginning	1,079	1,079	1,079	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,069</u>	<u>\$ 72,069</u>
E911 WIRELESS SERVICE FUND				
Receipts	\$ 55,339	\$ 55,339	\$ 55,339	\$ -
Disbursements	(96,001)	(96,001)	(15,166)	80,835
Transfers in	-	-	-	-
Transfers out	-	-	(40,662)	(40,662)
Net Change in Fund Balance	(40,662)	(40,662)	(489)	40,173
Fund Balance - Beginning	40,662	40,662	40,662	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,173</u>	<u>\$ 40,173</u>

(Continued)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(207,757)	(207,757)	(2,913)	204,844
Transfers in	-	-	40,662	40,662
Transfers out	-	-	-	-
Net Change in Fund Balance	(207,757)	(207,757)	37,749	245,506
Fund Balance - Beginning	207,757	207,757	207,757	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,506</u>	<u>\$ 245,506</u>
BUILDING BOND FUND				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(818,811)	(818,811)	(818,812)	(1)
Transfers in	817,775	817,775	817,775	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,036)	(1,036)	(1,036)	-
Fund Balance - Beginning	1,036	1,036	1,036	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COMMUNICATIONS FUND				
Receipts	\$ 436,227	\$ 436,227	\$ 448,840	\$ 12,613
Disbursements	(571,076)	(571,076)	(536,788)	34,288
Net Change in Fund Balance	(134,849)	(134,849)	(87,948)	46,901
Fund Balance - Beginning	199,849	199,849	199,849	-
Fund Balance - Ending	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 111,901</u>	<u>\$ 46,901</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Highway Bridge Buyback Program Fund	Sinking Fund	Visitor Promotion Fund	Visitor Improvement Fund
RECEIPTS				
Taxes:				
Property	\$ -	\$ 49,969	\$ -	\$ -
Lodging	-	-	55,351	55,352
Other	-	693	-	-
Investment Income	-	3,837	-	-
Intergovernmental	584,591	106	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	3,500
TOTAL RECEIPTS	584,591	54,605	55,351	58,852
DISBURSEMENTS				
General Government	-	218,085	-	-
Public Safety	-	-	-	-
Public Works	636,059	-	-	-
Culture and Recreation	-	-	64,104	35,847
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	636,059	218,085	64,104	35,847
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(51,468)	(163,480)	(8,753)	23,005
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balances	(51,468)	(163,480)	(8,753)	23,005
FUND BALANCES - BEGINNING	1,014,488	878,569	29,055	42,380
FUND BALANCES - ENDING	\$ 963,020	\$ 715,089	\$ 20,302	\$ 65,385
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	20,302	65,385
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Road/Bridge Maintenance	963,020	-	-	-
Economic Development	-	-	-	-
Committed to:				
Law Enforcement/Public Safety	-	-	-	-
Aid and Assistance	-	-	-	-
Miscellaneous Projects	-	715,089	-	-
Disaster Recovery	-	-	-	-
TOTAL FUND BALANCES	\$ 963,020	\$ 715,089	\$ 20,302	\$ 65,385

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

For the Year Ended June 30, 2023

	Preservation & Modernization Fund	Veterans' Aid Fund	STOP Program Fund	Drug Law Enforcement & Education Fund	Federal Drug Law Enforcement Fund
RECEIPTS					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-	-
Other	-	-	-	-	-
Investment Income	-	466	-	-	55
Intergovernmental	-	-	-	-	-
Charges for Services	7,017	-	3,375	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>7,017</u>	<u>466</u>	<u>3,375</u>	<u>-</u>	<u>55</u>
DISBURSEMENTS					
General Government	11,470	-	-	-	-
Public Safety	-	-	2,434	-	2,536
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>11,470</u>	<u>-</u>	<u>2,434</u>	<u>-</u>	<u>2,536</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(4,453)</u>	<u>466</u>	<u>941</u>	<u>-</u>	<u>(2,481)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(4,453)	466	941	-	(2,481)
FUND BALANCES - BEGINNING	<u>17,330</u>	<u>97,540</u>	<u>-</u>	<u>3,078</u>	<u>24,180</u>
FUND BALANCES - ENDING	<u>\$ 12,877</u>	<u>\$ 98,006</u>	<u>\$ 941</u>	<u>\$ 3,078</u>	<u>\$ 21,699</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	3,078	-
Law Enforcement	-	-	-	-	21,699
Preservation of Records	12,877	-	-	-	-
Road/Bridge Maintenance	-	-	-	-	-
Economic Development	-	-	-	-	-
Committed to:					
Law Enforcement/Public Safety	-	-	941	-	-
Aid and Assistance	-	98,006	-	-	-
Miscellaneous Projects	-	-	-	-	-
Disaster Recovery	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 12,877</u>	<u>\$ 98,006</u>	<u>\$ 941</u>	<u>\$ 3,078</u>	<u>\$ 21,699</u>

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

For the Year Ended June 30, 2023

	Reuse Grant Fund	Housing Reuse Grant Fund	Repurposed CDBG Housing Fund	Disaster Relief Fund	E911 Wireless Service Fund
RECEIPTS					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-	-
Other	-	-	-	-	55,339
Investment Income	28	2	683	-	-
Intergovernmental	-	-	-	286,868	-
Charges for Services	-	-	-	-	-
Miscellaneous	30,389	1,876	-	-	-
TOTAL RECEIPTS	<u>30,417</u>	<u>1,878</u>	<u>683</u>	<u>286,868</u>	<u>55,339</u>
DISBURSEMENTS					
General Government	4,290	-	84,830	-	-
Public Safety	-	-	-	-	15,166
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>4,290</u>	<u>-</u>	<u>84,830</u>	<u>-</u>	<u>15,166</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>26,127</u>	<u>1,878</u>	<u>(84,147)</u>	<u>286,868</u>	<u>40,173</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	30,673	-	-
Transfers out	(27,172)	(3,501)	-	(215,878)	(40,662)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,172)</u>	<u>(3,501)</u>	<u>30,673</u>	<u>(215,878)</u>	<u>(40,662)</u>
Net Change in Fund Balances	(1,045)	(1,623)	(53,474)	70,990	(489)
FUND BALANCES - BEGINNING	<u>1,089</u>	<u>2,000</u>	<u>176,271</u>	<u>1,079</u>	<u>40,662</u>
FUND BALANCES - ENDING	<u>\$ 44</u>	<u>\$ 377</u>	<u>\$ 122,797</u>	<u>\$ 72,069</u>	<u>\$ 40,173</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	40,173
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road/Bridge Maintenance	-	-	-	-	-
Economic Development	44	377	122,797	-	-
Committed to:					
Law Enforcement/Public Safety	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	-	-	-	-
Disaster Recovery	-	-	-	72,069	-
TOTAL FUND BALANCES	<u>\$ 44</u>	<u>\$ 377</u>	<u>\$ 122,797</u>	<u>\$ 72,069</u>	<u>\$ 40,173</u>

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

For the Year Ended June 30, 2023

	E911 Wireless Service Holding Fund	Building Bond Fund	Communications Fund	Total Nonmajor Funds
RECEIPTS				
Taxes:				
Property	\$ -	\$ -	\$ 225,973	\$ 275,942
Lodging	-	-	-	110,703
Other	-	-	33,371	89,403
Investment Income	-	1	-	5,072
Intergovernmental	-	-	156,463	1,028,028
Charges for Services	-	-	17,653	28,045
Miscellaneous	-	-	15,380	51,145
TOTAL RECEIPTS	-	1	448,840	1,588,338
DISBURSEMENTS				
General Government	-	-	-	318,675
Public Safety	2,913	-	536,788	559,837
Public Works	-	-	-	636,059
Culture and Recreation	-	-	-	99,951
Debt Service:				
Principal Payments	-	810,000	-	810,000
Interest and Fiscal Charges	-	8,812	-	8,812
TOTAL DISBURSEMENTS	2,913	818,812	536,788	2,433,334
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(2,913)	(818,811)	(87,948)	(844,996)
OTHER FINANCING SOURCES (USES)				
Transfers in	40,662	817,775	-	889,110
Transfers out	-	-	-	(287,213)
TOTAL OTHER FINANCING SOURCES (USES)	40,662	817,775	-	601,897
Net Change in Fund Balances	37,749	(1,036)	(87,948)	(243,099)
FUND BALANCES - BEGINNING	207,757	1,036	199,849	2,736,363
FUND BALANCES - ENDING	\$ 245,506	\$ -	\$ 111,901	\$ 2,493,264
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	85,687
911 Emergency Services	245,506	-	-	285,679
Drug Education	-	-	-	3,078
Law Enforcement	-	-	-	21,699
Preservation of Records	-	-	-	12,877
Road/Bridge Maintenance	-	-	-	963,020
Economic Development	-	-	-	123,218
Committed to:				
Law Enforcement/Public Safety	-	-	111,901	112,842
Aid and Assistance	-	-	-	98,006
Miscellaneous Projects	-	-	-	715,089
Disaster Recovery	-	-	-	72,069
TOTAL FUND BALANCES	\$ 245,506	\$ -	\$ 111,901	\$ 2,493,264

CUSTER COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2023

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Planning & Zoning	County Recycling	Total
BALANCES JULY 1, 2022	\$ 1,434	\$ 26,298	\$ 394,532	\$ 4,762	\$ 3,245	\$ 22,645	\$ 5,973	\$ 100	\$ 10,102	\$ 469,091
RECEIPTS										
Taxes	-	-	-	569	-	-	-	-	-	569
Charges for Services	3,136	85,383	16,180	52,776	380	277,401	-	4,005	3,585	442,846
Miscellaneous	-	-	-	275	769	138,359	14	103	26,100	165,620
State Fees	7,713	136,675	15,645	133	-	54	-	-	-	160,220
Other Liabilities	-	-	466,960	147,871	13,315	-	-	-	-	628,146
TOTAL RECEIPTS	10,849	222,058	498,785	201,624	14,464	415,814	14	4,108	29,685	1,397,401
DISBURSEMENTS										
Payments to County Treasurer	3,213	90,316	15,871	51,754	380	425,744	-	4,005	38,250	629,533
Payments to State Treasurer	7,589	145,670	16,363	136	-	54	-	-	-	169,812
Petty Cash & Other Payments	-	-	-	-	769	568	1,570	103	-	3,010
Other Liabilities	-	-	459,514	143,357	16,010	-	-	-	-	618,881
TOTAL DISBURSEMENTS	10,802	235,986	491,748	195,247	17,159	426,366	1,570	4,108	38,250	1,421,236
BALANCES JUNE 30, 2023	<u>\$ 1,481</u>	<u>\$ 12,370</u>	<u>\$ 401,569</u>	<u>\$ 11,139</u>	<u>\$ 550</u>	<u>\$ 12,093</u>	<u>\$ 4,417</u>	<u>\$ 100</u>	<u>\$ 1,537</u>	<u>\$ 445,256</u>
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 331	\$ 5,373	\$ 992	\$ 5,614	\$ -	\$ 11,843	\$ 4,417	\$ -	\$ 1,537	\$ 30,107
Petty Cash	100	100	-	500	550	250	-	100	-	1,600
Due to State Treasurer	1,050	6,897	721	-	-	-	-	-	-	8,668
Due to Others	-	-	399,856	5,025	-	-	-	-	-	404,881
BALANCES JUNE 30, 2023	<u>\$ 1,481</u>	<u>\$ 12,370</u>	<u>\$ 401,569</u>	<u>\$ 11,139</u>	<u>\$ 550</u>	<u>\$ 12,093</u>	<u>\$ 4,417</u>	<u>\$ 100</u>	<u>\$ 1,537</u>	<u>\$ 445,256</u>

CUSTER COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2023

Item	2018	2019	2020	2021	2022
Tax Certified by Assessor					
Real Estate	\$ 36,373,835	\$ 36,506,308	\$ 37,389,648	\$ 36,133,037	\$ 37,430,147
Personal and Specials	2,783,469	2,942,094	1,863,205	3,430,404	3,643,620
Total	39,157,304	39,448,402	39,252,853	39,563,441	41,073,767
Corrections					
Additions	3,124	22,453	9,140	19,960	24,036
Deductions	(4,432)	(45,854)	(12,951)	(19,113)	(34,360)
Net Additions/ (Deductions)	(1,308)	(23,401)	(3,811)	847	(10,324)
Corrected Certified Tax	39,155,996	39,425,001	39,249,042	39,564,288	41,063,443
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2019	23,568,581	-	-	-	-
June 30, 2020	15,553,726	23,526,604	-	-	-
June 30, 2021	27,185	15,871,443	24,279,858	-	-
June 30, 2022	2,978	19,233	14,950,822	26,186,719	-
June 30, 2023	2,141	3,661	10,163	13,365,190	27,086,847
Total Net Collections	39,154,611	39,420,941	39,240,843	39,551,909	27,086,847
Total Uncollected Tax	\$ 1,385	\$ 4,060	\$ 8,199	\$ 12,379	\$ 13,976,596
Percentage Uncollected Tax	0.00%	0.01%	0.02%	0.03%	34.04%

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



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CUSTER COUNTY INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Supervisors
Custer County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Custer County, as of and for the year ended June 30, 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 October 18, 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.

Report on Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Custer County in a separate letter dated October 18, 2023.

Custer County’s Response to Findings

Custer County declined to respond to the finding described above.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

October 18, 2023



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 18, 2023

Board of Supervisors
Custer County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Custer County (County) for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 18, 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 OVERALL

Credit Card Policy

During the audit, we noted the County Board had adopted a credit card policy; however, that policy did not specify the type of purchasing card to be utilized.

Due to the credit card policy's lack of specificity, the County Attorney made the unilateral decision to use an American Express Business Platinum credit card, which required a \$695 annual fee. Given that the charges on this credit card during the fiscal year ending June 30, 2023, totaled only \$3,802, payment of such a large annual fee appears excessive.

According to State statute, moreover, the County Board has the sole authority to determine the type of purchasing card to be used and, pursuant to that authority, to make the necessary arrangements with the issuer of the card. Clearly circumventing that express statutory authority, the County Attorney took it upon himself to obtain the American Express Business Platinum card at issue. Moreover, despite having usurped the authority of the County Board with regard to the purchasing card, the County Attorney insisted that the extravagant annual fee should be paid with public funds.

It should be noted also that American Express Business Platinum cardholders earn points and other awards for using the card. The County could provide no documentation that any benefits earned on the card were used for the benefit of the County rather than the County Attorney personally.

Neb. Rev. Stat. § 13-610(1) (Reissue 2022) provides the following:

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. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision's purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

(Emphasis added). As shown above, the “governing body” of the political subdivision – in this case, the County Board – is responsible for both selecting and acquiring the purchasing card to be used. No provision is made for a County official or employee to do so autonomously.

Good internal controls and sound business practices require procedures to ensure that the County’s credit card policy addresses the type of card to be utilized, and any fees incurred are reasonable. Those same procedures should ensure also that the statutory authority of the County Board to select and make the necessary arrangements for acquiring the purchasing card is not improperly superseded by the unauthorized actions of a County official or employee.

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 Board update its purchasing card policy to specify the type of card to be used. We recommend also the implementation of procedures not only to ensure the reasonableness of any fees incurred but also to safeguard the statutory authority of the County Board to select and make the necessary arrangements for acquiring the purchasing card.

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 ATTORNEY

Additional Paid Time Off

While planning the audit, the Auditor of Public Accounts (APA) became aware of concerns regarding an employee in the County Attorney’s office being paid for work hours while acting as a chaperone on a community service trip.

In response to these concerns, the APA obtained the employee’s time records from the County’s “Timeclock” system. According to that timekeeping system, 70 hours of regular work time was reflected in the system during the period in question – reflecting also a daily “Time-In” of exactly 9:00 a.m., no time out, and exactly 7 hours of work each day. The County’s payroll register also reflected 70 hours of regular time worked for the employee during that same period.

Due to the concerns received previously, as well as the highly suspicious nature of an employee clocking in at exactly 9:00 a.m. for two weeks straight, the APA inquired further with the County Attorney and was informed that he had approved additional paid time off during this trip, without needing to use vacation time, and that the “manual” timesheet completed by the employee reflected this paid leave. The manual timesheet provided did indicate that the employee was not working during the trip time; however, it was not provided to the County Board when approving payroll, nor did any other payroll records at the County indicate this time was actually paid leave rather than regular time worked.

Moreover, the County's Employee Handbook does not include any provision for such additional paid time off, nor had the County Attorney approved a policy specific to his office allowing for such. Finally, the County Attorney could not provide any documentation that this additional paid time off was approved prior to being used by the employee; instead, he provided only a letter explaining the situation after the APA had inquired about it.

Good internal controls and sound business practices require procedures to ensure: 1) all payroll records accurately reflect time worked and paid leave used and are provided to the County Board when approving payroll; 2) any paid leave provided to employees of the County Attorney's office is in accordance with a formal policy adopted by the County Board or County Attorney; and 3) documentation approving any paid time off is created and maintained prior to such leave being used.

Without such procedures, there is an increased risk for the abuse of County time, leading to possible loss, theft, or misuse of County funds.

We recommend the County Attorney implement procedures to ensure: 1) all payroll records accurately reflect time worked and paid leave used and are provided to the County Board when approving payroll; 2) any paid leave provided to employees of the County Attorney's office is in accordance with a formal policy adopted by the County Board or County Attorney; and 3) documentation approving any paid time off is created and maintained prior to such leave being used.

Petty Cash

According to the County Board's budget message included in the County's 2022-2023 budget, the County Attorney was authorized a \$1,000 petty cash fund. However, the amount actual held and utilized by the County Attorney was only \$550.

Neb. Rev. Stat. § 23-106(2) (Reissue 2022) states the following:

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.

Good internal controls require procedures to ensure that the County Board's budget message is accurate and properly discloses the correct amount of petty cash funds available to County officials.

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

We recommend the County Board implement procedures to ensure that the annual budget message is accurate and properly discloses the correct amount of petty cash funds available to County officials.

COUNTY BOARD

Lack of Supporting Documentation

During our audit, we noted the following issues regarding the lack of supporting documentation for claims approved and paid by the County Board:

- Claim 108904, dated December 30, 2022, paid \$240 to the US Postal Service for stamps; however, no documentation was attached to the claim to support this purchase.

- The County provided funding to the following entities to support their operations; however, no detailed documentation was received from these entities, such as invoices, cancelled checks, etc., to support the proper use of the public funds provided to them.

Claim #	Date	Payee	Amount
108109	10/14/2022	Seven Valley's Historical Society	\$ 8,000
108193	10/14/2022	Seven Valley's Historical Society	15,000
108706	11/30/2022	Broken Bow Chamber of Commerce	10,000
109133	1/31/2023	Custer County Historical Society	8,500

A good internal control plan and sound business practice require procedures to ensure that all disbursements of County funds are supported by adequate documentation.

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

We recommend the County Board implement procedures to ensure adequate supporting documentation is obtained and reviewed for all payments made by the County. The County may want to consider transitioning to providing funding to other entities on a reimbursement basis rather than providing a lump sum amount that is not based on actual costs incurred and paid by the receiving entities.

COUNTY SHERIFF

Accounting Procedures

During the audit, we noted the following issues with the County Sheriff’s financial balancing, recordkeeping, and general office procedures:

- As of June 30, 2023, there was an unknown shortage of \$64 in the Sheriff’s Fee account. This was the result of the office not performing a monthly asset-to-liability reconciliation to ensure the office had sufficient assets (reconciled bank balance and accounts receivable) to pay office liabilities (unremitted fees and trust balances). The following table provides details of how this shortage was calculated:

Office Assets:	
Reconciled Bank Balance	\$ 6,766
Accounts Receivable	3,784
Total Office Assets	\$ 10,550
Office Liabilities:	
Unremitted Fees	\$ 5,614
Unremitted Bonds	5,000
Total Office Liabilities	\$ 10,614
Unknown Short	\$ (64)

- The County Sheriff remitted civil service fees collected to the County Treasurer; however, this is contrary to State statute, which requires the remittance of fees “earned.”

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

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

(Emphasis added). Good internal controls and sound business practices require procedures to ensure that office assets (reconciled bank balance, accounts receivable, etc.) agree with office liabilities (unremitted fees and trust balances) on, at least, a monthly basis, and any variances noted are identified and resolved timely. These same procedures should ensure also that civil service fees are remitted to the County Treasurer when earned, not when payment is received.

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

A similar comment was included in the prior report.

We recommend the County Sheriff implement procedures to ensure that office assets (*reconciled bank balance, accounts receivable, etc.*) agree with office liabilities (unremitted fees and trust balances) on, at least, a monthly basis, and any variances noted are identified and resolved timely. These same procedures should ensure that civil service fees are remitted to the County Treasurer when earned, not when payment is received.

County Sheriff's Response: Upon reviewing the audit findings, it is indeed true that there appeared to be a discrepancy in the account for the month under review. However, I would like to highlight that this discrepancy is primarily due to a timing issue related to the accounting of certain incoming funds.

The money that seemingly appeared short in the account for the month in question actually came in the following month. This delay in the receipt of funds is a result of the specific revenue cycle that our organization operates on. While this timing discrepancy may have given the impression of an account shortfall during the audit period, the funds were ultimately recorded and accounted for correctly in the subsequent month.

We take your audit findings seriously and appreciate the opportunity to clarify this matter. We are committed to maintaining the highest standards of financial transparency and accountability. We balance our accounts to zero every month and report our fees and mileage 12 times a year, 8 more than required. State statute states fees "collected or earned" must be reported. We feel that reporting the collected fees allows the least amount of risk to the county and is in line with the statute.

APA Response: The APA is appreciative of not only the Sheriff's stated commitment to striving for the financial transparency and accountability of his office but also the efforts taken to realize those crucial objectives. Nevertheless, if the unknown shortage was due to timing, the County Sheriff should be identifying 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 shortage during the audit.

Additionally, the Sheriff appears to have misinterpreted the concluding sentence of Neb. Rev. Stat. § 33-117(3) (Reissue 2016), which says, "He or she [the Sheriff] shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county."

As made clear by the Attorney General in Op. Att'y Gen. No. 180 (Sept. 4, 1974), reporting or remitting only fees collected is insufficient to ensure full compliance with the unambiguous language of § 33-117(3). That opinion contains the following explanation for why both fees collected and fees earned but not yet collected must be remitted to the County Treasurer:

Section 33-117 requires that sheriffs periodically account for and remit to the county treasurer fees "collected or earned" for certain services in connection with criminal prosecutions. Although there may be some question as to the propriety or wisdom of requiring remittance of uncollected sheriff's fees, by the use of the term "collected or earned," it must be assumed that the Legislature intended such a result. It is beyond argument that the statutory language embraces not only fees earned and collected, but also uncollected fees which have been fully earned. Accordingly, whenever a sheriff completes the execution of a service his fee has become earned.

The opinion then describes the mechanics of remitting, along with monies already collected, those fees earned but awaiting collection.

Being neither discretionary nor open to alternative interpretation, § 33-117(3) requires the remittance of both collected and earned fees. Regardless of the diligence or frequency in doing so, simply reporting the latter – without also remitting them, as described in the Attorney General’s opinion – does not satisfy that statutory mandate.

COUNTY TREASURER

Nameplate Capacity Tax Distribution

During testing, we noted that the distribution of the Nameplate Capacity Tax was not calculated correctly, as the distribution calculation did not utilize the correct number of wind turbines in each tax district. The following table summarizes the overpayments and underpayments noted.

Entity	Over / (Under) Payment
Custer County	\$ 100.62
Broken Bow Public Schools	(4,266.88)
Sargent Public Schools	4,084.76
ESU #10	7.07
Mid Plains Community College	37.15
Lower Loup NRD	17.44
Broken Bow Rural Fire District	7.13
Broken Bow Township	0.08
Garfield Township	10.19
Custer County Ag Society	2.44

Neb. Rev. Stat. § 77-6204 (Reissue 2018) states, in relevant part, the following:

(1) The county treasurer shall distribute all revenue received from the Department of Revenue pursuant to section 77-6203 to local taxing entities which, but for such personal property tax exemption, would have received distribution of personal property tax revenue from depreciable personal property used directly in the generation of electricity using wind, solar, biomass, or landfill gas as the fuel source.

* * * *

(3) The distribution to each eligible local taxing entity shall be calculated by determining the amount of taxes that the eligible local taxing entity levied during the taxable year and dividing this amount by the total tax levied by all of the eligible local taxing entities during the year. Each eligible entity's resulting fraction shall then be multiplied by the revenue distributed to the county treasurer by the department to determine the portion of such revenue due each local taxing entity.

Good internal controls require procedures to ensure that Nameplate Capacity Tax distributions are calculated correctly.

Without such procedures, there is an increased risk of political subdivisions not receiving the correct amount of tax proceeds, increasing the risk for loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distributions noted. Additionally, we recommend the County Treasurer implement procedures to ensure future Nameplate Capacity Tax distributions are calculated correctly.

County Treasurer’s Response: After reviewing the information received through emails and in person during Broken Bow Wind II, we decided a final map had not been received in the Treasurer's Office. Four different turbines were mapped differently and, therefore, were in different tax districts. Corrections have been completed and notification sent by email to all taxing authorities involved in the distribution. Subsequent verification will be done with each wind farm and solar farm, either quarterly or annually, depending upon individual farm, to verify active locations or any decommissioning, if applicable.

Insufficient Pledged Collateral

The County Treasurer did not maintain securities to cover fully all deposits at Bruning State Bank. As of June 30, 2023, the County Treasurer had an uncollateralized balance of \$189,850 at that financial institution.

Neb. Rev. Stat. § 77-2395(1) (Cum. Supp. 2022) states, in relevant part, the following:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation [FDIC], unless and until the depository has provided a deposit guaranty bond or furnished securities, or any combination thereof, to the custodial official, and the total value of such deposit guaranty bond and the market value of such securities are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

Furthermore, sound accounting practices and a good internal control plan require procedures to ensure that public funds deposited in banks are fully secured by FDIC coverage or otherwise properly collateralized, and such security is documented appropriately.

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

We recommend the County Treasurer implement procedures for: 1) monitoring closely all public funds in bank accounts to ensure those monies are properly secured, by either sufficient FDIC coverage or adequate collateral; and 2) maintaining appropriate documentation of such security.

County Treasurer’s Response: The ACH transfer by telephone was not made by the cut off time and day to move funds by June 30, 2023. All banks are set up to email or mail a report of pledged securities with market values on a monthly basis. Balances will be monitored daily.

* * * * *

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 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.

Sincerely,



Jeff Schreier, CPA
Audit Manager