

**AUDIT REPORT
OF
GAGE COUNTY**

JULY 1, 2021, THROUGH JUNE 30, 2022

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the Auditor of Public Accounts.**

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Issued on June 12, 2023

GAGE COUNTY

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GAGE COUNTY
612 Grant St.
Beatrice, NE 68310

LIST OF COUNTY OFFICIALS
At June 30, 2022

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Erich Tiemann	Jan. 2023
	Emily Haxby	Jan. 2025
	Gary Lytle	Jan. 2023
	Don Schuller	Jan. 2025
	Eddie Dorn	Jan. 2023
	Terry Jurgens	Jan. 2023
	Dave Swavely	Jan. 2025
Assessor	Patricia Milligan	Jan. 2023
Attorney	Roger Harris	Jan. 2023
Clerk Election Commissioner	Dawn Hill	Jan. 2023
Register of Deeds	Donna Munoz	Jan. 2023
Clerk of the District Court	Diane Wells	Jan. 2023
Sheriff	Millard Gustafson	Jan. 2023
Treasurer	Laurie Wollenburg	Jan. 2023
Surveyor	Christopher Witulski	Jan. 2023
Veterans' Service Officer	Scott Bates	Appointed
Weed Superintendent	Becky Borgman	Appointed
Highway Superintendent	Mark Kuhnke	Appointed
Planning & Zoning Emergency Manager	Lisa Wiegand	Appointed



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GAGE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Gage County, Nebraska

Report on the 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 Gage County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gage County as of June 30, 2022, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18-30, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023, on our consideration of Gage County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Gage 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

May 31, 2023

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

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 21,177,444
TOTAL ASSETS	<u>\$ 21,177,444</u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 316,981
911 Emergency Services	69,173
Drug Education	6,965
Preservation of Records	41,166
Federal Relief	4,178,648
Self-Insurance	991,158
Unrestricted	<u>15,573,353</u>
TOTAL NET POSITION	<u>\$ 21,177,444</u>

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

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

Functions:	Cash Disbursements	<u>Program Cash Receipts</u>		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities:				
General Government	\$ (13,513,071)	\$ 852,178	\$ 2,106,582	\$ (10,554,311)
Public Safety	(3,450,707)	88,465	77,538	(3,284,704)
Public Works	(6,460,738)	11,900	3,641,153	(2,807,685)
Public Assistance	(125,488)	-	-	(125,488)
Culture and Recreation	(200,097)	-	-	(200,097)
Total Governmental Activities	<u><u>\$ (23,750,101)</u></u>	<u><u>\$ 952,543</u></u>	<u><u>\$ 5,825,273</u></u>	<u><u>(16,972,285)</u></u>

General Receipts:

Taxes:

Property Taxes	11,575,831
Motor Vehicle Taxes	1,014,192
Inheritance Taxes	1,390,279
Sales Taxes	2,018,542
Other Taxes	200,131
Grants and Contributions Not Restricted to Specific Programs	3,392,616
Investment Income	105,931
Licenses and Permits	135,959
Miscellaneous	350,956
Total General Receipts	<u><u>20,184,437</u></u>
 Change in Net Position	 3,212,152
Net Position - Beginning of year	17,965,292
Net Position - End of year	<u><u>\$ 21,177,444</u></u>

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

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

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Sinking Fund	Judgment Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents (Note 1.D)	\$ 5,956,489	\$ 2,146,966	\$ 2,351,643	\$ 3,579,883	\$ 855,788	\$ 4,178,648	\$ 2,108,027	\$ 21,177,444
TOTAL ASSETS	\$ 5,956,489	\$ 2,146,966	\$ 2,351,643	\$ 3,579,883	\$ 855,788	\$ 4,178,648	\$ 2,108,027	\$ 21,177,444
FUND BALANCES								
Restricted for:								
Visitor Promotion	-	-	-	-	-	-	316,981	316,981
911 Emergency Services	-	-	-	-	-	-	69,173	69,173
Drug Education	-	-	-	-	-	-	6,965	6,965
Preservation of Records	-	-	-	-	-	-	41,166	41,166
Federal Relief	-	-	-	-	-	4,178,648	-	4,178,648
Self-Insurance	-	-	-	-	-	-	991,158	991,158
Committed to:								
Law Enforcement	-	-	-	-	-	-	72,787	72,787
Road/Bridge Maintenance	-	2,146,966	-	3,579,883	-	-	-	5,726,849
County Buildings	-	-	-	-	-	-	533,687	533,687
Beatrice Six Judgment	-	-	-	-	855,788	-	-	855,788
Economic Development	-	-	-	-	-	-	76,110	76,110
Assigned to:								
Other Purposes	-	-	2,351,643	-	-	-	-	2,351,643
Unassigned	5,956,489	-	-	-	-	-	-	5,956,489
TOTAL CASH BASIS FUND BALANCES	\$ 5,956,489	\$ 2,146,966	\$ 2,351,643	\$ 3,579,883	\$ 855,788	\$ 4,178,648	\$ 2,108,027	\$ 21,177,444

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

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

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Sinking Fund	Judgment Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS								
Taxes	\$ 12,590,024	\$ -	\$ 1,390,279	\$ -	\$ 2,018,541	\$ -	\$ 200,131	\$ 16,198,975
Licenses and Permits	135,959	-	-	-	-	-	-	135,959
Investment Income	105,931	-	-	-	-	-	-	105,931
Intergovernmental	1,486,947	3,242,695	-	398,923	2,000,000	2,089,324	-	9,217,889
Charges for Services	903,489	11,900	-	-	-	-	37,154	952,543
Miscellaneous	36,770	28,816	-	-	-	-	285,370	350,956
TOTAL RECEIPTS	<u>15,259,120</u>	<u>3,283,411</u>	<u>1,390,279</u>	<u>398,923</u>	<u>4,018,541</u>	<u>2,089,324</u>	<u>522,655</u>	<u>26,962,253</u>
DISBURSEMENTS								
General Government	4,024,492	-	22,788	-	7,296,872	-	2,168,919	13,513,071
Public Safety	3,181,594	-	33,288	-	-	-	235,825	3,450,707
Public Works	62,006	4,020,559	2,218,967	159,206	-	-	-	6,460,738
Public Assistance	125,488	-	-	-	-	-	-	125,488
Culture and Recreation	-	-	-	-	-	-	200,097	200,097
TOTAL DISBURSEMENTS	<u>7,393,580</u>	<u>4,020,559</u>	<u>2,275,043</u>	<u>159,206</u>	<u>7,296,872</u>	<u>-</u>	<u>2,604,841</u>	<u>23,750,101</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>7,865,540</u>	<u>(737,148)</u>	<u>(884,764)</u>	<u>239,717</u>	<u>(3,278,331)</u>	<u>2,089,324</u>	<u>(2,082,186)</u>	<u>3,212,152</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	2,600,000	-	1,117,648	3,755,000	-	1,818,702	9,291,350
Transfers out	(9,291,350)	-	-	-	-	-	-	(9,291,350)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,291,350)</u>	<u>2,600,000</u>	<u>-</u>	<u>1,117,648</u>	<u>3,755,000</u>	<u>-</u>	<u>1,818,702</u>	<u>-</u>
Net Change in Fund Balances	(1,425,810)	1,862,852	(884,764)	1,357,365	476,669	2,089,324	(263,484)	3,212,152
CASH BASIS FUND BALANCES - BEGINNING								
	<u>7,382,299</u>	<u>284,114</u>	<u>3,236,407</u>	<u>2,222,518</u>	<u>379,119</u>	<u>2,089,324</u>	<u>2,371,511</u>	<u>17,965,292</u>
CASH BASIS FUND BALANCES - ENDING								
	<u>\$ 5,956,489</u>	<u>\$ 2,146,966</u>	<u>\$ 2,351,643</u>	<u>\$ 3,579,883</u>	<u>\$ 855,788</u>	<u>\$ 4,178,648</u>	<u>\$ 2,108,027</u>	<u>\$ 21,177,444</u>

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

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

	Custodial Fund Balances July 1, 2021	Receipts	Disbursements	Custodial Fund Balances June 30, 2022
ASSETS				
Cash and Cash Equivalents	\$ 1,610,179	\$ 55,707,414	\$ 55,908,179	\$ 1,409,414
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	586,875	6,581,321	6,594,324	573,872
State - Collected by Other Offices	16,986	325,826	310,713	32,099
Schools	411,875	34,280,799	34,264,578	428,096
Educational Service Units	5,102	487,393	487,161	5,334
Technical College	31,749	3,032,651	3,031,158	33,242
Natural Resource Districts	7,557	722,021	721,836	7,742
Fire Districts	5,927	718,002	718,304	5,625
Municipalities	110,260	5,788,918	5,787,699	111,479
Agricultural Society	1,452	135,338	135,318	1,472
Historical Society	333	31,069	31,064	338
Townships	326,791	1,058,991	1,377,109	8,673
Airport Authority	3,758	153,002	154,237	2,523
Others - Collected by County Treasurer	15,881	401,610	402,235	15,256
Others - Collected by Other Offices	85,633	1,990,473	1,892,443	183,663
TOTAL LIABILITIES	<u>1,610,179</u>	<u>55,707,414</u>	<u>55,908,179</u>	<u>1,409,414</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$94,270 toward the operation of the Region during fiscal year 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

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

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

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

Judgment Fund. This fund is used to account for the payments owed by the County for the Beatrice Six judgment. It is primarily funded by sales tax receipts, transfers from the General Fund, and amounts appropriated to the County by the State of Nebraska under 2021 Neb. Laws, LB 103, § 1.

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.

The County designates fund balances as follows:

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

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

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting

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

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

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand, certificates of deposit, and demand deposits.

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

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

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$5,604,091 of restricted net position which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act and County Budget Act of 1937. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

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

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 \$21,177,444 for County funds and \$1,409,414 for Fiduciary funds. The bank balances for all funds totaled \$22,446,395. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Taxes**

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Taxes (Concluded)

The levy set in October 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at \$.389868/\$100 of assessed valuation. The levy set in October 2020, for the 2020 taxes, which were materially collected in May and September 2021, was set at \$.389699/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

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

4. Retirement System

The Retirement System for Nebraska Counties (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, 2022, 125 employees contributed \$231,285, and the County contributed \$342,174. Contributions included \$9,501 in cash contributions towards the supplemental law enforcement plan for 16 law enforcement employees. Lastly, the County paid \$352 directly to two retired employees for prior service benefits.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 106 counties and local governments throughout Nebraska.

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

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

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

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

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

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u> <u>General Fund</u>
Road Fund	\$ 2,600,000
Road/Bridge Sinking Fund	1,117,648
Judgment Fund	3,755,000
Nonmajor Funds	1,818,702
Total	<u>\$ 9,291,350</u>

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

6. **Interfund Transfers** (Concluded)

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

7. **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.

8. **City of Beatrice Agreements**

Ambulance Agreement

The County entered into an agreement with the City of Beatrice (City) whereby the City will provide necessary ambulance services to certain areas located outside the City limits. The County paid the City \$180,000 for ambulance services during the fiscal year ended June 30, 2022.

Enhanced 911 Agreement

The County entered into an agreement with the City whereby the City will operate and maintain an Enhanced 911 system and radio dispatch system to receive and dispatch emergency calls and calls for service from residents of Gage County. The County paid the City \$227,244 for Enhanced 911 Services during the fiscal year ended June 30, 2022.

9. **Beatrice Six Judgment**

In July 2016, a judgment was entered against the County for \$28.1 million in damages related to the Beatrice Six case. To pay this judgment, the County raised its property tax levy to the maximum, starting with tax year 2018. Effective January 1, 2020, the County also implemented a half cent sales tax, as allowed by the Qualified Judgment Payment Act, located at Neb. Rev. Stat. §§ 77-6401 to 77-6406 (Cum. Supp. 2022). The County ended this sales tax effective January 1, 2023. As of June 30, 2022, the County had paid \$23,791,804 towards the judgment. Subsequent to the end of the fiscal year, the County received the second \$2 million from the State of Nebraska, as appropriated by LB 103 in the 107th legislative session, to be used towards the judgment.

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 13,410,107	\$ 13,410,107	\$ 12,590,024	\$ (820,083)
Licenses and Permits	68,000	68,000	135,959	67,959
Investment Income	75,000	75,000	105,931	30,931
Intergovernmental	327,425	327,425	1,486,947	1,159,522
Charges for Services	491,000	491,000	903,489	412,489
Miscellaneous	-	-	36,770	36,770
TOTAL RECEIPTS	<u>14,371,532</u>	<u>14,371,532</u>	<u>15,259,120</u>	<u>887,588</u>
DISBURSEMENTS				
General Government:				
County Board	196,000	196,000	183,697	12,303
County Clerk	243,658	243,658	214,507	29,151
County Treasurer	308,178	308,178	291,334	16,844
Register of Deeds	166,531	166,531	161,291	5,240
County Assessor	369,370	369,370	364,498	4,872
Election Commissioner	140,754	140,754	120,380	20,374
Building and Zoning	3,475	3,475	2,449	1,026
Employment Security	40,000	40,000	-	40,000
Clerk of the District Court	166,378	166,378	160,300	6,078
County Court System	12,800	12,800	8,894	3,906
District Judge	130,876	130,876	90,232	40,644
Public Defender	166,100	166,100	165,139	961
Building and Grounds	478,505	478,505	276,910	201,595
Agricultural Extension Agent	101,871	101,871	74,837	27,034
Miscellaneous	4,734,193	4,734,193	1,910,024	2,824,169
Public Safety				
County Sheriff	1,481,716	1,481,716	1,468,069	13,647
County Attorney	479,798	479,798	444,183	35,615
District Probation	80,084	80,084	63,248	16,836
County Jail	1,289,355	1,289,355	1,045,153	244,202
Emergency Management	132,759	132,759	98,129	34,630
Child Support	63,880	63,880	61,448	2,432
Shop With a Cop	15,125	15,125	1,364	13,761
Public Works				
County Surveyor	94,884	94,884	59,778	35,106
Noxious Weed Control	4,150	4,150	2,228	1,922
Public Assistance				
Veterans' Service Officer	94,743	94,743	90,988	3,755
Veterans' Aid	2,000	2,000	2,000	-
Relief/Medical	61,024	61,024	11,226	49,798
Institutions	52,000	52,000	21,274	30,726
TOTAL DISBURSEMENTS	<u>11,110,207</u>	<u>11,110,207</u>	<u>7,393,580</u>	<u>3,716,627</u>

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	3,261,325	3,261,325	7,865,540	4,604,215
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(9,393,624)	(9,393,624)	(9,291,350)	102,274
TOTAL OTHER FINANCING SOURCES (USES)	(9,393,624)	(9,393,624)	(9,291,350)	102,274
Net Change in Fund Balance	(6,132,299)	(6,132,299)	(1,425,810)	4,706,489
FUND BALANCE - BEGINNING	7,382,299	7,382,299	7,382,299	-
FUND BALANCE - ENDING	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 5,956,489</u>	<u>\$ 4,706,489</u>

(Concluded)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 2,908,302	\$ 2,908,302	\$ 3,242,695	\$ 334,393
Charges for Services	-	-	11,900	11,900
Miscellaneous	-	-	28,816	28,816
TOTAL RECEIPTS	<u>2,908,302</u>	<u>2,908,302</u>	<u>3,283,411</u>	<u>375,109</u>
DISBURSEMENTS	<u>6,748,540</u>	<u>6,748,540</u>	<u>4,020,559</u>	<u>2,727,981</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,840,238)</u>	<u>(3,840,238)</u>	<u>(737,148)</u>	<u>3,103,090</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,171,124	4,171,124	2,600,000	(1,571,124)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,171,124</u>	<u>4,171,124</u>	<u>2,600,000</u>	<u>(1,571,124)</u>
Net Change in Fund Balance	330,886	330,886	1,862,852	1,531,966
FUND BALANCE - BEGINNING	284,114	284,114	284,114	-
FUND BALANCE - ENDING	<u>\$ 615,000</u>	<u>\$ 615,000</u>	<u>\$ 2,146,966</u>	<u>\$ 1,531,966</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 1,390,279	\$ 1,390,279
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>1,390,279</u>	<u>1,390,279</u>
DISBURSEMENTS	<u>3,236,407</u>	<u>3,236,407</u>	<u>2,275,043</u>	<u>961,364</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,236,407)</u>	<u>(3,236,407)</u>	<u>(884,764)</u>	<u>2,351,643</u>
FUND BALANCE - BEGINNING	3,236,407	3,236,407	3,236,407	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,351,643</u>	<u>\$ 2,351,643</u>

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD/BRIDGE SINKING FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 398,923	\$ 398,923
TOTAL RECEIPTS	-	-	398,923	398,923
DISBURSEMENTS	3,340,166	3,340,166	159,206	3,180,960
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,340,166)	(3,340,166)	239,717	3,579,883
OTHER FINANCING SOURCES (USES)				
Transfers in	1,117,648	1,117,648	1,117,648	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,117,648	1,117,648	1,117,648	-
Net Change in Fund Balance	(2,222,518)	(2,222,518)	1,357,365	3,579,883
FUND BALANCE - BEGINNING	2,222,518	2,222,518	2,222,518	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,579,883</u>	<u>\$ 3,579,883</u>
JUDGMENT FUND				
RECEIPTS				
Taxes	\$ 2,565,881	\$ 2,565,881	\$ 2,018,541	\$ (547,340)
Intergovernmental	-	-	2,000,000	2,000,000
Miscellaneous	2,000,000	2,000,000	-	(2,000,000)
TOTAL RECEIPTS	4,565,881	4,565,881	4,018,541	(547,340)
DISBURSEMENTS	8,200,000	8,200,000	7,296,872	903,128
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,634,119)	(3,634,119)	(3,278,331)	355,788
OTHER FINANCING SOURCES (USES)				
Transfers in	3,255,000	3,255,000	3,755,000	500,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,255,000	3,255,000	3,755,000	500,000
Net Change in Fund Balance	(379,119)	(379,119)	476,669	855,788
FUND BALANCE - BEGINNING	379,119	379,119	379,119	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 855,788</u>	<u>\$ 855,788</u>

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>COVID AMERICAN RESCUE PLAN FUND</u>				
RECEIPTS				
Intergovernmental	\$ 2,110,676	\$ 2,110,676	\$ 2,089,324	\$ (21,352)
TOTAL RECEIPTS	<u>2,110,676</u>	<u>2,110,676</u>	<u>2,089,324</u>	<u>(21,352)</u>
DISBURSEMENTS	<u>4,200,000</u>	<u>4,200,000</u>	<u>-</u>	<u>4,200,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,089,324)</u>	<u>(2,089,324)</u>	<u>2,089,324</u>	<u>4,178,648</u>
FUND BALANCE - BEGINNING	<u>2,089,324</u>	<u>2,089,324</u>	<u>2,089,324</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,178,648</u>	<u>\$ 4,178,648</u>
				(Concluded)

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS PROMOTION FUND				
Receipts	\$ 122,821	\$ 122,821	\$ 86,857	\$ (35,964)
Disbursements	(130,000)	(130,000)	(87,465)	42,535
Net Change in Fund Balance	(7,179)	(7,179)	(608)	6,571
Fund Balance - Beginning	7,179	7,179	7,179	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,571</u>	<u>\$ 6,571</u>
VISITORS IMPROVEMENT FUND				
Receipts	\$ -	\$ -	\$ 86,857	\$ 86,857
Disbursements	(336,185)	(336,185)	(112,632)	223,553
Net Change in Fund Balance	(336,185)	(336,185)	(25,775)	310,410
Fund Balance - Beginning	336,185	336,185	336,185	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,410</u>	<u>\$ 310,410</u>
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ -	\$ -	\$ 16,981	\$ 16,981
Disbursements	(27,562)	(27,562)	(3,377)	24,185
Net Change in Fund Balance	(27,562)	(27,562)	13,604	41,166
Fund Balance - Beginning	27,562	27,562	27,562	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,166</u>	<u>\$ 41,166</u>
INSURANCE FUND				
Receipts	\$ 800,000	\$ 800,000	\$ 282,647	\$ (517,353)
Disbursements	(2,315,000)	(2,315,000)	(1,975,339)	339,661
Transfers in	471,674	471,674	1,440,524	968,850
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,043,326)	(1,043,326)	(252,168)	791,158
Fund Balance - Beginning	1,043,326	1,043,326	1,243,326	200,000
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991,158</u>	<u>\$ 991,158</u>
DIVERSION PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 15,433	\$ 15,433
Disbursements	(6,050)	(6,050)	(5,850)	200
Net Change in Fund Balance	(6,050)	(6,050)	9,583	15,633
Fund Balance - Beginning	6,050	6,050	6,050	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,633</u>	<u>\$ 15,633</u>

(Continued)

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STOP PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 4,740	\$ 4,740
Disbursements	(53,847)	(53,847)	(1,433)	52,414
Net Change in Fund Balance	(53,847)	(53,847)	3,307	57,154
Fund Balance - Beginning	53,847	53,847	53,847	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,154</u>	<u>\$ 57,154</u>
DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ 2,723	\$ 2,723
Disbursements	(5,540)	(5,540)	(1,298)	4,242
Net Change in Fund Balance	(5,540)	(5,540)	1,425	6,965
Fund Balance - Beginning	5,540	5,540	5,540	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,965</u>	<u>\$ 6,965</u>
ECONOMIC DEVELOPMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(200,000)	(200,000)	(123,890)	76,110
Transfers in	129,647	129,647	129,647	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(70,353)	(70,353)	5,757	76,110
Fund Balance - Beginning	70,353	70,353	70,353	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,110</u>	<u>\$ 76,110</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ -	\$ -	\$ 26,417	\$ 26,417
Disbursements	(270,000)	(270,000)	(227,244)	42,756
Transfers in	198,531	198,531	198,531	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(71,469)	(71,469)	(2,296)	69,173
Fund Balance - Beginning	71,469	71,469	71,469	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,173</u>	<u>\$ 69,173</u>
COUNTY BUILDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(600,000)	(600,000)	(66,313)	533,687
Transfers in	50,000	50,000	50,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(550,000)	(550,000)	(16,313)	533,687
Fund Balance - Beginning	550,000	550,000	550,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,687</u>	<u>\$ 533,687</u>

(Concluded)

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

For the Year Ended June 30, 2022

	Visitors Promotion Fund	Visitors Improvement Fund	Preservation & Modernization Fund	Insurance Fund
RECEIPTS				
Taxes	\$ 86,857	\$ 86,857	\$ -	\$ -
Charges for Services	-	-	16,981	-
Miscellaneous	-	-	-	282,647
TOTAL RECEIPTS	86,857	86,857	16,981	282,647
DISBURSEMENTS				
General Government	-	-	3,377	1,975,339
Public Safety	-	-	-	-
Culture and Recreation	87,465	112,632	-	-
TOTAL DISBURSEMENTS	87,465	112,632	3,377	1,975,339
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(608)	(25,775)	13,604	(1,692,692)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,440,524
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	1,440,524
Net Change in Fund Balances	(608)	(25,775)	13,604	(252,168)
FUND BALANCES - BEGINNING	7,179	336,185	27,562	1,243,326
FUND BALANCES - ENDING	\$ 6,571	\$ 310,410	\$ 41,166	\$ 991,158
FUND BALANCES:				
Restricted for:				
Visitor Promotion	6,571	310,410	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Preservation of Records	-	-	41,166	-
Self-Insurance	-	-	-	991,158
Committed to:				
Law Enforcement	-	-	-	-
County Buildings	-	-	-	-
Economic Development	-	-	-	-
TOTAL FUND BALANCES	\$ 6,571	\$ 310,410	\$ 41,166	\$ 991,158

(Continued)

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

For the Year Ended June 30, 2022

	Diversion Program Fund	STOP Program Fund	Drug Law Enforcement Fund	Economic Development Fund
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	15,433	4,740	-	-
Miscellaneous	-	-	2,723	-
TOTAL RECEIPTS	15,433	4,740	2,723	-
DISBURSEMENTS				
General Government	-	-	-	123,890
Public Safety	5,850	1,433	1,298	-
Culture and Recreation	-	-	-	-
TOTAL DISBURSEMENTS	5,850	1,433	1,298	123,890
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	9,583	3,307	1,425	(123,890)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	129,647
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	129,647
Net Change in Fund Balances	9,583	3,307	1,425	5,757
FUND BALANCES - BEGINNING	6,050	53,847	5,540	70,353
FUND BALANCES - ENDING	\$ 15,633	\$ 57,154	\$ 6,965	\$ 76,110
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	6,965	-
Preservation of Records	-	-	-	-
Self-Insurance	-	-	-	-
Committed to:				
Law Enforcement	15,633	57,154	-	-
County Buildings	-	-	-	-
Economic Development	-	-	-	76,110
TOTAL FUND BALANCES	\$ 15,633	\$ 57,154	\$ 6,965	\$ 76,110

(Continued)

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

	911 Emergency Management Fund	County Building Fund	Total Nonmajor Funds
RECEIPTS			
Taxes	\$ 26,417	\$ -	\$ 200,131
Charges for Services	-	-	37,154
Miscellaneous	-	-	285,370
TOTAL RECEIPTS	<u>26,417</u>	<u>-</u>	<u>522,655</u>
DISBURSEMENTS			
General Government	-	66,313	2,168,919
Public Safety	227,244	-	235,825
Culture and Recreation	-	-	200,097
TOTAL DISBURSEMENTS	<u>227,244</u>	<u>66,313</u>	<u>2,604,841</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(200,827)</u>	<u>(66,313)</u>	<u>(2,082,186)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	198,531	50,000	1,818,702
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>198,531</u>	<u>50,000</u>	<u>1,818,702</u>
Net Change in Fund Balances	(2,296)	(16,313)	(263,484)
FUND BALANCES - BEGINNING	<u>71,469</u>	<u>550,000</u>	<u>2,371,511</u>
FUND BALANCES - ENDING	<u>\$ 69,173</u>	<u>\$ 533,687</u>	<u>\$ 2,108,027</u>
FUND BALANCES:			
Restricted for:			
Visitor Promotion	-	-	316,981
911 Emergency Services	69,173	-	69,173
Drug Education	-	-	6,965
Preservation of Records	-	-	41,166
Self-Insurance	-	-	991,158
Committed to:			
Law Enforcement	-	-	72,787
County Buildings	-	533,687	533,687
Economic Development	-	-	76,110
TOTAL FUND BALANCES	<u>\$ 69,173</u>	<u>\$ 533,687</u>	<u>\$ 2,108,027</u>

(Concluded)

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

	<u>County Clerk</u>	<u>Register of Deeds</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Highway Superintendent</u>
BALANCES JULY 1, 2021	\$ 181,631	\$ 25,417	\$ 82,110	\$ 18,671	\$ -	\$ 1,126
RECEIPTS						
Taxes	-	-	-	3,452	-	-
Licenses and Permits	2,800	-	-	-	-	-
Intergovernmental	-	-	-	2,271	-	-
Charges for Services	14,081	194,849	43,537	47,392	15,503	-
Miscellaneous	95	-	-	1,650	13	29,092
State Fees	3,616	262,700	59,510	-	-	-
Other Liabilities	-	-	1,512,177	384,605	54,188	-
TOTAL RECEIPTS	<u>20,592</u>	<u>457,549</u>	<u>1,615,224</u>	<u>439,370</u>	<u>69,704</u>	<u>29,092</u>
DISBURSEMENTS						
Payments to County Treasurer	17,294	191,348	46,383	53,298	15,496	28,817
Payments to State Treasurer	3,679	248,703	58,331	-	-	-
Petty Cash & Other Payments	95	-	-	1,260	-	-
Other Liabilities	-	-	1,471,023	369,664	11,388	-
TOTAL DISBURSEMENTS	<u>21,068</u>	<u>440,051</u>	<u>1,575,737</u>	<u>424,222</u>	<u>26,884</u>	<u>28,817</u>
BALANCES JUNE 30, 2022	<u>\$ 181,155</u>	<u>\$ 42,915</u>	<u>\$ 121,597</u>	<u>\$ 33,819</u>	<u>\$ 42,820</u>	<u>\$ 1,401</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 515	\$ 16,913	\$ 2,513	\$ 7,963	\$ 20	\$ 1,401
Petty Cash	180,250	150	-	5,630	-	-
Due to State Treasurer	390	25,852	5,857	-	-	-
Due to Others	-	-	113,227	20,226	42,800	-
BALANCES JUNE 30, 2022	<u>\$ 181,155</u>	<u>\$ 42,915</u>	<u>\$ 121,597</u>	<u>\$ 33,819</u>	<u>\$ 42,820</u>	<u>\$ 1,401</u>

(Continued)

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

	Veterans' Service Officer	Planning & Zoning	County Health Insurance	County Flex Spending	County Assessor	Total
BALANCES JULY 1, 2021	\$ 4,053	\$ -	\$ 200,000	\$ 8,275	\$ 40	\$ 521,323
RECEIPTS						
Taxes	-	-	-	-	-	3,452
Licenses and Permits	-	26,351	-	-	-	29,151
Intergovernmental	2,000	-	-	-	-	4,271
Charges for Services	-	-	-	-	-	315,362
Miscellaneous	27	-	1,544,385	-	10	1,575,272
State Fees	-	-	-	-	-	325,826
Other Liabilities	-	-	-	39,503	-	1,990,473
TOTAL RECEIPTS	2,027	26,351	1,544,385	39,503	10	4,243,807
DISBURSEMENTS						
Payments to County Treasurer	-	26,351	-	-	17	379,004
Payments to State Treasurer	-	-	-	-	-	310,713
Petty Cash & Other Payments	1,349	-	1,544,385	-	-	1,547,089
Other Liabilities	-	-	-	40,368	-	1,892,443
TOTAL DISBURSEMENTS	1,349	26,351	1,544,385	40,368	17	4,129,249
BALANCES JUNE 30, 2022	<u>\$ 4,731</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 7,410</u>	<u>\$ 33</u>	<u>\$ 635,881</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 4,731	\$ -	\$ -	\$ -	\$ 8	\$ 34,064
Petty Cash	-	-	200,000	-	25	386,055
Due to State Treasurer	-	-	-	-	-	32,099
Due to Others	-	-	-	7,410	-	183,663
BALANCES JUNE 30, 2022	<u>\$ 4,731</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 7,410</u>	<u>\$ 33</u>	<u>\$ 635,881</u>

(Concluded)

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

Item	2017	2018	2019	2020	2021
Tax Certified by Assessor					
Real Estate	\$ 41,275,534	\$ 45,602,416	\$ 45,186,288	\$ 44,538,179	\$ 45,237,430
Personal and Specials	5,234,946	5,244,593	5,237,507	5,148,878	5,654,071
Total	46,510,480	50,847,009	50,423,795	49,687,057	50,891,501
Corrections					
Additions	7,925	18,854	6,424	3,166	4,496
Deductions	(7,150)	(13,976)	(26,242)	(5,870)	(1,025)
Net Additions/ (Deductions)	775	4,878	(19,818)	(2,704)	3,471
Corrected Certified Tax	46,511,255	50,851,887	50,403,977	49,684,353	50,894,972
Net Tax Collected by					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2018	28,474,636	-	-	-	-
June 30, 2019	18,015,247	30,431,140	-	-	-
June 30, 2020	16,852	20,383,325	30,221,404	-	-
June 30, 2021	3,119	16,809	20,144,001	30,757,956	-
June 30, 2022	1,110	9,038	13,345	18,897,594	32,482,356
Total Net Collections	46,510,964	50,840,312	50,378,750	49,655,550	32,482,356
Total Uncollected Tax	\$ 291	\$ 11,575	\$ 25,227	\$ 28,803	\$ 18,412,616
Percentage Uncollected Tax	0.00%	0.02%	0.05%	0.06%	36.18%

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



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GAGE COUNTY

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

Board of Supervisors
Gage County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gage County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 31, 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 Gage County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Gage County in a separate letter dated May 31, 2023.

Gage County's Response to Findings

Gage County declined to respond to the finding described above.

Purpose of this Report

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

May 31, 2023



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 31, 2023

Board of Supervisors
Gage County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Gage County (County) for the fiscal year ended June 30, 2022, and have issued our report thereon dated May 31, 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 ATTORNEY

Diversions Fees

During our audit, we noted the Diversion Program Director, Christina Lyons, was responsible for receiving all diversion fees paid by program participants. She also had unilateral authority to approve fee waivers for participants who did not have the means to pay. No documented approval was required from the County Attorney, or anyone else, before fees could be waived. This creates a significant risk that program fees received in cash could be retained for personal use, documented in the case file as waived, and the records of the diversion program would provide no indication that any fees were missing.

In response to the significant risk perpetuated by the lack of documented fee waiver approvals, we obtained a listing from the Program Director of all enrollments to the program during the fiscal year ending June 30, 2022. This listing was then confirmed with the Nebraska Crime Commission to ensure it was complete and accurate. We then attempted to confirm payment was received in the County Treasurer's office for all enrollments noted on the report.

Of the 94 enrollments on the listing provided, we were unable to verify payment was received from 14 of those participants, nor was there any documentation to support the fees were approved to be waived by someone other than the Program Director. Provided the standard diversion enrollment fee of \$200, there were fees, totaling \$2,800, unaccounted for, and the County Attorney had no documentation to support the disposition of these fees.

The Auditor of Public Accounts (APA) attempted to contact these 14 participants to verify independently whether they had paid the \$200 diversion fee. We were able to contact two participants, who confirmed that they believed they paid the \$200 fee. Therefore, of the total \$2,800 unaccounted for, \$400 appears even more questionable as to what happened to the diversion fees.

When the APA provided the results of our audit procedures to the County Attorney, he responded by stating, “We will do periodic reviews of the waivers, and I would note that both [names redacted] paid fines after they were kicked out of diversion and formal charges were filed. They probably mistook the question since we did not pocket \$400.00.”

Despite asserting that “we did not pocket \$400.00,” the County Attorney could provide the APA with no supporting documentation to verify this statement.

Furthermore, the Program Director appears not to be issuing receipts for all diversion fees received. According to the receipt books provided to the APA, receipts issued during the year totaled \$10,600; however, the County Treasurer received a total of \$15,233. It is important to note that this \$15,233 does not include the unaccounted for \$2,800 discussed previously.

Neb. Rev. Stat. § 23-1207(1) (Reissue 2022) makes clear the County Attorney’s responsibility to issue receipts for all money received, as follows:

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

Good internal controls require procedures to ensure the exercise of proper oversight of the diversion program to confirm that all diversion fees are properly accounted for and received intact by the County Treasurer, or documented approval is obtained from someone other than the Program Director before any fees are waived.

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

Similar issues were noted in the prior audit.

We recommend the County Attorney implement documented procedures to ensure the appropriate oversight of the diversion program, including confirming the following: 1) receipts are issued for all money received, and money is properly accounted for and remitted to the County Treasurer; and 2) written approval is obtained from the County Attorney whenever fees are waived. Because this comment addresses possible missing funds, we are forwarding the information herein to the Attorney General for further review.

Diversion Grant Reimbursement Documentation

The County receives grant funds for the diversion program through the Nebraska Crime Commission and, in turn, pays these funds to Beatrice Public Schools (School). A claim is submitted to the County Board in order to pay the grant funds to the School. We tested two of these claims and noted several concerns with the lack of documentation provided to the County Board to support the grant reimbursements.

- Payroll costs for the Program Director and a second program employee, totaling \$14,539, were submitted for reimbursement through the grant. However, no documentation, such as paystubs, payroll registers, etc., was received to support that the hours worked per the timesheets agreed to the hours actually paid, or to verify that the amount of pay submitted for reimbursement by the grant agreed to the amount of payroll costs actually paid.
- Claim 21120106 paid a total of \$13,284 to the School; however, no documentation was provided for \$365 of this total.

Good internal controls require procedures to ensure that grant reimbursement claims are supported completely by detailed documentation, including paystubs or payroll registers.

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

A similar issue was noted in the prior audit.

We recommend the County Attorney implement procedures to ensure all grant reimbursement claims are supported completely by detailed documentation, including paystubs and/or payroll registers. Because this comment includes concerns related to grant funding provided by the Nebraska Crime Commission, we are also forwarding the information herein to that agency.

COUNTY BOARD

Payment to Charitable Organization

The County Board approved claim 21120020 on December 1, 2021, to pay \$7,500 to Hope Crisis Center (Center), a charitable nonprofit organization. Given that the County appears not to have contracted with the Center for anything specific in return, that payment would seemingly constitute a donation of public funds.

The Center's website (<https://hopecrisiscenter.org/index.php/who-we-are/>) provides the following information regarding that organization's operations.

Hope Crisis Center is a non-profit organization that is committed to reintroducing survivors of domestic violence and sexual assault to their own power by providing advocacy and confidential emergency services. These services include emergency shelter, 24-hour hotline assistance, one-on-one advocacy, bilingual advocacy, legal advocacy, medical advocacy, and financial assistance for survivors throughout Fillmore, Gage, Jefferson, Saline, Seward, Thayer, and York Counties in Southeast Nebraska.

To support this claim, the County received only reports from the Center's accounting system identifying payments made during the year. No actual documentation from the Center, such as invoices, receipts, etc., was received to ensure that the funding provided by the County was used appropriately.

Of even greater concern, however, is the apparent lack of authority for the County to make such contributions in the first place.

According to the Nebraska Supreme Court, a county's authority is limited to the powers granted to that political subdivision by statute:

It is well settled in this state that counties have no inherent power, and that their commissioners, or agents, acting for them, have only such powers, generally, as are especially granted to them by statute, or such as are incidentally necessary to carry into effect those which are granted. And the grant of power must be strictly construed. . . . There being no question then upon the necessity of the grant of power before authority exists, it is only necessary to examine the statute and ascertain whether the grant has been made.

State ex rel. Grady v. Comm'rs Lincoln Co., 18 Neb. 283, 283-284, 25 N.W. 91, 91 (1885) (internal citations omitted). The APA is unaware of any express statutory authority for the County to make the type of donation at issue.

More specifically yet, the Nebraska Attorney General (Attorney General) has opined that a county lacks the requisite authority to make donations to a nonprofit charity. In Op. Att'y Gen. No. 92 (Sept. 7, 1973), the Attorney General concluded that a county could not donate funds to the Nebraska Epilepsy League, which was described as a "nonprofit, charitable organization." The Attorney General explained that determination as follows:

A county has only such powers as are expressly granted by the Legislature, together with such implied powers as are required to execute such express powers. Section 23-104, R. R. S. 1943. There is no express statutory authority for a county to make a donation to a nonprofit, charitable organization such as the Nebraska Epilepsy League; nor do we believe that the making of such a donation is necessary, in order to carry out any power expressly granted to the counties by the Legislature.

In support of that conclusion, the Attorney General referenced the following statement by the Nebraska Supreme Court in United Cmty. Servs. v. Omaha Nat'l Bank, 162 Neb. 786, 795, 77 N.W.2d 576, 584 (1956) – a case in which the Court determined that contributions made by a power district to a charitable organization were improper:

While we are not unmindful of the fact there is some reasonable basis for the argument made, particularly in view of the evidence adduced to the effect that these contributions bring some benefits to the district and therefore should be considered as operating expenses, nevertheless, we think the matter of subjecting all such public corporations to solicitations by all classes of nonprofit agencies serving a public purpose is a matter of such grave public concern that it should be left with the Legislature which has plenary power over them. There the pros and cons of the matter can be fully presented and that body determine the public policy in regard thereto. We think the purposes served by these agencies are very worthy of everyone's charity but whether or not the revenue of public corporations should be permitted to be contributed for those purposes through these agencies, and to what extent, is, we think, a matter for the Legislature and not the courts. In the absence of express statutory authorization we find the district was without authority to make these contributions.

Good internal controls and sound business practices require procedures to ensure that adequate documentation is provided to support all amounts paid by the County. No less important, those same procedures should ensure also that the County has the essential authority for every disbursement of its funds – and, whenever doubt exists regarding such authority, as appears to be the case regarding donations to a nonprofit charity, legal guidance from the County Attorney should be sought.

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

We recommend the implementation of procedures for ensuring adequate supporting documentation is received for all expenditures of County funds. Those same procedures should ensure also that the County has the essential authority for every disbursement of its funds – and, whenever doubt exists regarding such authority, as appears to be the case regarding donations to a nonprofit charity, legal guidance from the County Attorney should be sought.

COUNTY SHERIFF

Unknown Balance

As of June 30, 2022, the County Sheriff had an unknown balance of \$4,109 in the Jail Commissary bank account. The County Sheriff was unable to identify to whom these funds were owed. This unknown amount increased \$728 from the \$3,381 unknown amount noted during the prior audit.

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

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

A similar issue was noted in the prior audit.

We recommend the County Sheriff implement procedures for reviewing, at least monthly, office assets. Those same procedures should ensure also the timely identification and resolution of all variances noted.

COUNTY OVERALL

Segregation of Duties

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

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

This was also noted in prior audits.

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

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

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

Sincerely,



Jeff Schreier, CPA
Audit Manager