

**AUDIT REPORT
OF
NUCKOLLS COUNTY**

JULY 1, 2021, THROUGH JUNE 30, 2022

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on June 2, 2023

NUCKOLLS COUNTY

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NUCKOLLS COUNTY
150 S. Main
Nelson, NE 68961

LIST OF COUNTY OFFICIALS
At June 30, 2022

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	David Mussmann	Jan. 2025
	Kenneth Rempe	Jan. 2023
	Timothy Zikmund	Jan. 2023
Assessor	Susan Rogers	Jan. 2023
Attorney	John Hodge	Jan. 2023
Clerk	Carrie Miller	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Royce Gonzales	Jan. 2023
Sheriff	Brad Baker	Jan. 2023
Treasurer	Vicki Ensign	Jan. 2023
Surveyor	Thomas Krueger	Appointed
Veterans' Service Officer	Bob Kotinek	Appointed
Weed Superintendent	Nick Elledge	Appointed
Emergency Manager		
Highway Superintendent	Jeff Wagner	Appointed



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NUCKOLLS COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Nuckolls 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 Nuckolls 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 Nuckolls 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 18-27, 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 18, 2023, on our consideration of Nuckolls 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 Nuckolls County's internal control over financial reporting and compliance.

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

Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 18, 2023

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

	Governmental Activities
	<hr/>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 6,412,813
Investments (Note 1.D)	1,741,665
TOTAL ASSETS	<hr/> <hr/> \$ 8,154,478
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 2,213
911 Emergency Services	249,461
Preservation of Records	4,040
Road and Bridge Maintenance	833,468
Federal Relief	795,991
Unrestricted	6,269,305
TOTAL NET POSITION	<hr/> <hr/> \$ 8,154,478

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

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

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,893,859)	\$ 196,177	\$ 12,256	\$ (1,685,426)
Public Safety	(1,015,018)	34,939	27,821	(952,258)
Public Works	(2,131,545)	1,993	1,611,582	(517,970)
Public Assistance	(20,285)	-	-	(20,285)
Culture and Recreation	(6,462)	-	-	(6,462)
Total Governmental Activities	<u>\$ (5,067,169)</u>	<u>\$ 233,109</u>	<u>\$ 1,651,659</u>	<u>(3,182,401)</u>

General Receipts:

Taxes	3,530,420
Grants and Contributions Not Restricted to Specific Programs	745,824
Investment Income	36,174
Licenses and Permits	26,289
Miscellaneous	62,302
Total General Receipts	<u>4,401,009</u>

Change in Net Position	1,218,608
Net Position - Beginning of year	6,935,870
Net Position - End of year	<u>\$ 8,154,478</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Highway Bridge Buyback Fund	Liability Claim Reserve Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 624,259	\$ 1,720,376	\$ 1,792,873	\$ 833,468	\$ 372,307	\$ 1,069,530	\$ 6,412,813
Investments (Note 1.D)	258,254	501,302	741,707	-	154,023	86,379	1,741,665
TOTAL ASSETS	<u>\$ 882,513</u>	<u>\$ 2,221,678</u>	<u>\$ 2,534,580</u>	<u>\$ 833,468</u>	<u>\$ 526,330</u>	<u>\$ 1,155,909</u>	<u>\$ 8,154,478</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	2,213	2,213
911 Emergency Services	-	-	-	-	-	249,461	249,461
Preservation of Records	-	-	-	-	-	4,040	4,040
Road and Bridge Maintenance	-	-	-	833,468	-	-	833,468
Federal Relief	-	-	-	-	-	795,991	795,991
Committed to:							
Law Enforcement	-	-	-	-	-	4,396	4,396
Road Maintenance	-	2,221,678	-	-	-	-	2,221,678
Aid and Assistance	-	-	-	-	-	26,632	26,632
Public Safety	-	-	-	-	-	46,725	46,725
Health Insurance Claims	-	-	-	-	526,330	-	526,330
Noxious Weed Control	-	-	-	-	-	26,451	26,451
Assigned to:							
Other Purposes	-	-	2,534,580	-	-	-	2,534,580
Unassigned	882,513	-	-	-	-	-	882,513
TOTAL CASH BASIS FUND BALANCES	<u>\$ 882,513</u>	<u>\$ 2,221,678</u>	<u>\$ 2,534,580</u>	<u>\$ 833,468</u>	<u>\$ 526,330</u>	<u>\$ 1,155,909</u>	<u>\$ 8,154,478</u>

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

NUCKOLLS 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	Highway Bridge Buyback Fund	Liability Claim Reserve Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS							
Taxes	\$2,900,310	\$ -	\$ 542,240	\$ -	\$ -	\$ 87,870	\$ 3,530,420
Licenses and Permits	25,379	910	-	-	-	-	26,289
Investment Income	8,161	-	20,014	-	5,221	2,778	36,174
Intergovernmental	341,974	1,379,868	-	231,714	-	443,927	2,397,483
Charges for Services	224,136	1,993	-	-	-	6,980	233,109
Miscellaneous	5,824	52,042	-	-	2,723	1,713	62,302
TOTAL RECEIPTS	3,505,784	1,434,813	562,254	231,714	7,944	543,268	6,285,777
DISBURSEMENTS							
General Government	1,071,114	-	35,220	-	774,551	12,974	1,893,859
Public Safety	919,734	-	-	-	-	95,284	1,015,018
Public Works	-	2,116,187	-	-	-	15,358	2,131,545
Public Assistance	20,285	-	-	-	-	-	20,285
Culture and Recreation	-	-	-	-	-	6,462	6,462
TOTAL DISBURSEMENTS	2,011,133	2,116,187	35,220	-	774,551	130,078	5,067,169
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,494,651	(681,374)	527,034	231,714	(766,607)	413,190	1,218,608
OTHER FINANCING SOURCES (USES)							
Transfers in	109,268	1,523,425	-	-	742,312	43,668	2,418,673
Transfers out	(1,925,943)	(333,436)	-	-	(50,000)	(109,294)	(2,418,673)
TOTAL OTHER FINANCING SOURCES (USES)	(1,816,675)	1,189,989	-	-	692,312	(65,626)	-
Net Change in Fund Balances	(322,024)	508,615	527,034	231,714	(74,295)	347,564	1,218,608
CASH BASIS FUND BALANCES - BEGINNING	1,204,537	1,713,063	2,007,546	601,754	600,625	808,345	6,935,870
CASH BASIS FUND BALANCES - ENDING	\$ 882,513	\$2,221,678	\$2,534,580	\$ 833,468	\$ 526,330	\$1,155,909	\$ 8,154,478

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

NUCKOLLS 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	\$ 254,054	\$ 15,117,214	\$ 15,109,918	\$ 261,350
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	104,584	1,327,440	1,313,658	118,366
State - Collected by Other Offices	5,152	76,297	77,299	4,150
Schools	106,836	9,938,141	9,940,908	104,069
Educational Service Units	1,038	168,204	168,208	1,034
Technical College	6,366	1,030,244	1,030,281	6,329
Natural Resource Districts	2,144	397,851	398,216	1,779
Cemetery Districts	3	4,081	4,081	3
Fire Districts	684	187,550	187,399	835
Municipalities	21,601	853,061	859,229	15,433
Airport Authority	437	13,141	13,340	238
Agricultural Society	437	70,048	70,055	430
Others - Collected by County Treasurer	144	13,509	13,509	144
Others - Collected by Other Offices	4,628	1,037,647	1,033,735	8,540
TOTAL LIABILITIES	254,054	15,117,214	15,109,918	261,350
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -

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

NUCKOLLS 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 Nuckolls County.

A. Reporting Entity

Nuckolls 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 \$8,207 toward the operation of the Region during fiscal year 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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

NUCKOLLS 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.

NUCKOLLS 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.

Highway Bridge Buyback Fund. This fund is used to account for costs associated with the repair and maintenance of road and bridges and is primarily funded by State purchase of federal aid transportation funds at a discounted rate.

Liability Claim Reserve Fund. This fund is used to account for the costs of insurance premiums and is primarily funded by County and employee contributions.

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.

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.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,885,173 of restricted net position which is fully restricted by enabling legislation.

NUCKOLLS 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 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 \$6,412,813 for County funds and \$261,350 for Fiduciary funds. The bank balances for all funds totaled \$6,658,628. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$62,155 deposited in the Nebraska Public Agency Investment Trust (NPAIT) and \$1,679,510 in U.S. Government Securities. 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. The U.S. Government Securities were held by the County or its agent in the name of the County.

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.

NUCKOLLS 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 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at \$.265512/\$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 \$.267035/\$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, occupation taxes, 911 surcharges, 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, 52 employees contributed \$86,195, and the County contributed \$128,173. Contributions included \$2,239 in cash contributions towards the supplemental law enforcement plan for six law enforcement employees. Lastly, the County paid \$1,026 directly to ten retired employees for prior service benefits.

NUCKOLLS 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.

6. Interfund Transfers

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

Transfers to	Transfers from				Total
	General Fund	Road Fund	Liability Claim Reserve Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 29,266	\$ 80,002	\$ 109,268
Road Fund	1,503,913	-	19,512	-	1,523,425
Liability Claim Reserve Fund	379,584	333,436	-	29,292	742,312
Nonmajor Funds	42,446	-	1,222	-	43,668
Total	<u>\$ 1,925,943</u>	<u>\$ 333,436</u>	<u>\$ 50,000</u>	<u>\$ 109,294</u>	<u>\$ 2,418,673</u>

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

In the year ended June 30, 2022, the County made a one-time transfer of \$29,453 from the 911 Wireless Service Fund to the General Fund to reimburse 911 wireless eligible costs originally paid from that fund.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers (Concluded)

The County also transferred \$50,000 from the Relief Medical Fund to the General Fund to repay previous transfers. Additionally, the County made several transfers throughout the year related to health insurance. The County transferred \$379,584, \$333,436, \$21,969, and \$7,323 from the General Fund, Road Fund, Civil Defense Fund, and Noxious Weed Control Fund, respectively, to the Liability Claim Reserve Fund for the County's portion of health insurance premiums. There was also a transfer from the Liability Claim Reserve Fund to the General Fund, Road Fund, Civil Defense Fund, and Noxious Weed Control Fund for \$29,266, \$19,512, \$917, and \$305, respectively, to pay a portion of the employee health insurance premiums.

7. Brodstone Memorial Hospital Bond – Conduit Debt

To provide for the refinancing of certain promissory notes originally issued to pay the costs of acquiring, constructing, furnishing, and equipping improvements to the facilities of Brodstone Memorial Hospital (Hospital), the County issued revenue bonds on May 22, 2013, in the amount of \$4,000,000, bearing interest at 3.07% and maturing on May 22, 2028. These bonds are special limited obligations of the County payable solely from and secured by loan payments to be received from the Hospital. The bonds do not constitute a debt or pledge of faith of the County and, accordingly, have not been reported in the accompanying financial statements. The outstanding debt balance as of April 30, 2022, was \$1,849,674 per the Hospital's audit report. Additional information may be obtained from the Hospital's Administrative Office.

NUCKOLLS 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	\$ 3,196,530	\$ 3,196,530	\$ 2,900,310	\$ (296,220)
Licenses and Permits	23,400	23,400	25,379	1,979
Investment Income	5,862	5,862	8,161	2,299
Intergovernmental	40,000	40,000	341,974	301,974
Charges for Services	161,460	161,460	224,136	62,676
Miscellaneous	-	-	5,824	5,824
TOTAL RECEIPTS	<u>3,427,252</u>	<u>3,427,252</u>	<u>3,505,784</u>	<u>78,532</u>
DISBURSEMENTS				
General Government:				
County Board	92,786	92,786	87,765	5,021
County Clerk	202,515	202,515	182,116	20,399
County Treasurer	216,609	216,609	198,743	17,866
County Assessor	239,047	239,047	215,272	23,775
Election Commissioner	66,778	66,778	50,885	15,893
Clerk of the District Court	88,401	88,401	85,092	3,309
County Court System	8,600	8,600	6,052	2,548
Building and Grounds	199,319	199,319	135,768	63,551
Agricultural Extension Agent	106,082	106,082	103,480	2,602
Miscellaneous	670,745	665,745	5,941	659,804
Public Safety				
County Sheriff	577,122	577,122	443,900	133,222
County Attorney	138,244	143,244	139,389	3,855
County Jail	413,235	413,235	336,445	76,790
Public Assistance				
Veterans' Service Officer	25,462	25,462	20,285	5,177
TOTAL DISBURSEMENTS	<u>3,044,945</u>	<u>3,044,945</u>	<u>2,011,133</u>	<u>1,033,812</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>382,307</u>	<u>382,307</u>	<u>1,494,651</u>	<u>1,112,344</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	109,268	109,268	109,268	-
Transfers out	(1,296,112)	(1,296,112)	(1,925,943)	(629,831)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,186,844)</u>	<u>(1,186,844)</u>	<u>(1,816,675)</u>	<u>(629,831)</u>
Net Change in Fund Balance	(804,537)	(804,537)	(322,024)	482,513
FUND BALANCE - BEGINNING	<u>1,204,537</u>	<u>1,204,537</u>	<u>1,204,537</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 882,513</u>	<u>\$ 482,513</u>

NUCKOLLS 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				
Licenses and Permits	\$ -	\$ -	\$ 910	\$ 910
Intergovernmental	1,276,633	1,276,633	1,379,868	103,235
Charges for Services	-	-	1,993	1,993
Miscellaneous	8,000	8,000	52,042	44,042
TOTAL RECEIPTS	1,284,633	1,284,633	1,434,813	150,180
DISBURSEMENTS	3,870,874	3,870,874	2,116,187	1,754,687
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,586,241)	(2,586,241)	(681,374)	1,904,867
OTHER FINANCING SOURCES (USES)				
Transfers in	1,273,178	1,273,178	1,523,425	250,247
Transfers out	-	-	(333,436)	(333,436)
TOTAL OTHER FINANCING SOURCES (USES)	1,273,178	1,273,178	1,189,989	(83,189)
Net Change in Fund Balance	(1,313,063)	(1,313,063)	508,615	1,821,678
FUND BALANCE - BEGINNING	1,713,063	1,713,063	1,713,063	-
FUND BALANCE - ENDING	\$ 400,000	\$ 400,000	\$2,221,678	\$ 1,821,678

INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 50,000	\$ 50,000	\$ 542,240	\$ 492,240
Investment Income	5,000	5,000	20,014	15,014
TOTAL RECEIPTS	55,000	55,000	562,254	507,254
DISBURSEMENTS	2,062,546	2,062,546	35,220	2,027,326
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,007,546)	(2,007,546)	527,034	2,534,580
Net Change in Fund Balance	(2,007,546)	(2,007,546)	527,034	2,534,580
FUND BALANCE - BEGINNING	2,007,546	2,007,546	2,007,546	-
FUND BALANCE - ENDING	\$ -	\$ -	\$2,534,580	\$ 2,534,580

(Continued)

NUCKOLLS 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)
HIGHWAY BRIDGE BUYBACK FUND				
RECEIPTS				
Intergovernmental	\$ 232,914	\$ 232,914	\$ 231,714	\$ (1,200)
TOTAL RECEIPTS	<u>232,914</u>	<u>232,914</u>	<u>231,714</u>	<u>(1,200)</u>
DISBURSEMENTS	<u>834,668</u>	<u>834,668</u>	<u>-</u>	<u>834,668</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(601,754)</u>	<u>(601,754)</u>	<u>231,714</u>	<u>833,468</u>
Net Change in Fund Balance	(601,754)	(601,754)	231,714	833,468
FUND BALANCE - BEGINNING	<u>601,754</u>	<u>601,754</u>	<u>601,754</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 833,468</u>	<u>\$ 833,468</u>
LIABILITY CLAIM RESERVE FUND				
RECEIPTS				
Investment Income	\$ -	\$ -	\$ 5,221	\$ 5,221
Miscellaneous	<u>797,000</u>	<u>797,000</u>	<u>2,723</u>	<u>(794,277)</u>
TOTAL RECEIPTS	<u>797,000</u>	<u>797,000</u>	<u>7,944</u>	<u>(789,056)</u>
DISBURSEMENTS	<u>1,347,625</u>	<u>1,347,625</u>	<u>774,551</u>	<u>573,074</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(550,625)</u>	<u>(550,625)</u>	<u>(766,607)</u>	<u>(215,982)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	742,312	742,312
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>(50,000)</u>	<u>692,312</u>	<u>742,312</u>
Net Change in Fund Balance	(600,625)	(600,625)	(74,295)	526,330
FUND BALANCE - BEGINNING	<u>600,625</u>	<u>600,625</u>	<u>600,625</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,330</u>	<u>\$ 526,330</u>

(Concluded)

NUCKOLLS 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)
SHERIFF EQUIPMENT RESERVE FUND				
Receipts	\$ -	\$ -	\$ 75	\$ 75
Disbursements	(1,300)	(1,300)	-	1,300
Net Change in Fund Balance	(1,300)	(1,300)	75	1,375
Fund Balance - Beginning	1,300	1,300	1,300	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,375</u>	<u>\$ 1,375</u>
CIVIL DEFENSE FUND				
Receipts	\$ -	\$ -	\$ 27,950	\$ 27,950
Disbursements	(85,118)	(85,118)	(44,374)	40,744
Transfers in	43,363	43,363	43,363	-
Transfers out	-	-	(21,969)	(21,969)
Net Change in Fund Balance	(41,755)	(41,755)	4,970	46,725
Fund Balance - Beginning	41,755	41,755	41,755	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,725</u>	<u>\$ 46,725</u>
VISITORS' PROMOTION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 6,955	\$ 1,955
Disbursements	(6,720)	(6,720)	(6,462)	258
Net Change in Fund Balance	(1,720)	(1,720)	493	2,213
Fund Balance - Beginning	1,720	1,720	1,720	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,213</u>	<u>\$ 2,213</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,000	\$ 3,000	\$ 3,655	\$ 655
Disbursements	(6,435)	(6,435)	(3,050)	3,385
Net Change in Fund Balance	(3,435)	(3,435)	605	4,040
Fund Balance - Beginning	3,435	3,435	3,435	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,040</u>	<u>\$ 4,040</u>
RELIEF MEDICAL FUND				
Receipts	\$ 196	\$ 196	\$ 329	\$ 133
Disbursements	(16,499)	(16,499)	-	16,499
Transfers in	-	-	-	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	(66,303)	(66,303)	(49,671)	16,632
Fund Balance - Beginning	76,303	76,303	76,303	-
Fund Balance - Ending	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 26,632</u>	<u>\$ 16,632</u>

(Continued)

NUCKOLLS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(549)	(549)	(549)	-
Net Change in Fund Balance	(549)	(549)	(549)	-
Fund Balance - Beginning	549	549	549	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DIVERSION PROGRAM FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 1,125	\$ (375)
Disbursements	(5,100)	(5,100)	(1,704)	3,396
Net Change in Fund Balance	(3,600)	(3,600)	(579)	3,021
Fund Balance - Beginning	3,600	3,600	3,600	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,021</u>	<u>\$ 3,021</u>
COVID AMERICAN RESCUE PLAN FUND				
Receipts	\$ -	\$ -	\$ 403,065	\$ 403,065
Disbursements	(402,850)	(402,850)	(9,924)	392,926
Net Change in Fund Balance	(402,850)	(402,850)	393,141	795,991
Fund Balance - Beginning	402,850	402,850	402,850	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795,991</u>	<u>\$ 795,991</u>
911 EMERGENCY SERVICES FUND				
Receipts	\$ 28,900	\$ 28,900	\$ 31,450	\$ 2,550
Disbursements	(256,985)	(256,985)	(17,440)	239,545
Net Change in Fund Balance	(228,085)	(228,085)	14,010	242,095
Fund Balance - Beginning	228,085	228,085	228,085	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,095</u>	<u>\$ 242,095</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 43,492	\$ 43,492	\$ 44,738	\$ 1,246
Disbursements	(37,886)	(37,886)	(31,766)	6,120
Transfers in	-	-	-	-
Transfers out	(29,453)	(29,453)	(29,453)	-
Net Change in Fund Balance	(23,847)	(23,847)	(16,481)	7,366
Fund Balance - Beginning	23,847	23,847	23,847	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,366</u>	<u>\$ 7,366</u>

(Continued)

NUCKOLLS 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)
<u>NOXIOUS WEED CONTROL FUND</u>				
Receipts	\$ 25,678	\$ 25,678	\$ 23,926	\$ (1,752)
Disbursements	(50,884)	(50,884)	(15,358)	35,526
Transfers in	305	305	305	-
Transfers out	-	-	(7,323)	(7,323)
Net Change in Fund Balance	(24,901)	(24,901)	1,550	26,451
Fund Balance - Beginning	24,901	24,901	24,901	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,451</u>	<u>\$ 26,451</u>

(Concluded)

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

	Sheriff Equipment Reserve Fund	Civil Defense Fund	Visitors' Promotion Fund	Preservation and Modernization Fund	Relief Medical Fund	Veterans' Aid Fund
RECEIPTS						
Taxes	\$ -	\$ 1	\$ 6,955	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	283	-
Intergovernmental	-	27,821	-	-	46	-
Charges for Services	-	-	-	3,655	-	-
Miscellaneous	75	128	-	-	-	-
TOTAL RECEIPTS	<u>75</u>	<u>27,950</u>	<u>6,955</u>	<u>3,655</u>	<u>329</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	3,050	-	-
Public Safety	-	44,374	-	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	6,462	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>44,374</u>	<u>6,462</u>	<u>3,050</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>75</u>	<u>(16,424)</u>	<u>493</u>	<u>605</u>	<u>329</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	43,363	-	-	-	-
Transfers out	-	(21,969)	-	-	(50,000)	(549)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>21,394</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(549)</u>
Net Change in Fund Balances	75	4,970	493	605	(49,671)	(549)
FUND BALANCES - BEGINNING	<u>1,300</u>	<u>41,755</u>	<u>1,720</u>	<u>3,435</u>	<u>76,303</u>	<u>549</u>
FUND BALANCES - ENDING	<u>\$ 1,375</u>	<u>\$ 46,725</u>	<u>\$ 2,213</u>	<u>\$ 4,040</u>	<u>\$ 26,632</u>	<u>\$ -</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	2,213	-	-	-
911 Emergency Services	-	-	-	-	-	-
Preservation of Records	-	-	-	4,040	-	-
Federal Relief	-	-	-	-	-	-
Committed to:						
Law Enforcement	1,375	-	-	-	-	-
Aid and Assistance	-	-	-	-	26,632	-
Public Safety	-	46,725	-	-	-	-
Noxious Weed Control	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 1,375</u>	<u>\$ 46,725</u>	<u>\$ 2,213</u>	<u>\$ 4,040</u>	<u>\$ 26,632</u>	<u>\$ -</u>

(Continued)

NUCKOLLS 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	American Rescue Plan Fund	Emergency Services Fund	911 Wireless Service Fund	Weed Control Fund	Total Nonmajor Funds
RECEIPTS						
Taxes	\$ -	\$ -	\$ 15,938	\$ 43,724	\$ 21,252	\$ 87,870
Investment Income	-	215	2,059	-	221	2,778
Intergovernmental	-	402,850	10,800	-	2,410	443,927
Charges for Services	1,125	-	2,200	-	-	6,980
Miscellaneous	-	-	453	1,014	43	1,713
TOTAL RECEIPTS	<u>1,125</u>	<u>403,065</u>	<u>31,450</u>	<u>44,738</u>	<u>23,926</u>	<u>543,268</u>
DISBURSEMENTS						
General Government	-	9,924	-	-	-	12,974
Public Safety	1,704	-	17,440	31,766	-	95,284
Public Works	-	-	-	-	15,358	15,358
Culture and Recreation	-	-	-	-	-	6,462
TOTAL DISBURSEMENTS	<u>1,704</u>	<u>9,924</u>	<u>17,440</u>	<u>31,766</u>	<u>15,358</u>	<u>130,078</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(579)</u>	<u>393,141</u>	<u>14,010</u>	<u>12,972</u>	<u>8,568</u>	<u>413,190</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	305	43,668
Transfers out	-	-	-	(29,453)	(7,323)	(109,294)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,453)</u>	<u>(7,018)</u>	<u>(65,626)</u>
Net Change in Fund Balances	(579)	393,141	14,010	(16,481)	1,550	347,564
FUND BALANCES - BEGINNING	<u>3,600</u>	<u>402,850</u>	<u>228,085</u>	<u>23,847</u>	<u>24,901</u>	<u>808,345</u>
FUND BALANCES - ENDING	<u>\$ 3,021</u>	<u>\$ 795,991</u>	<u>\$ 242,095</u>	<u>\$ 7,366</u>	<u>\$ 26,451</u>	<u>\$ 1,155,909</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	2,213
911 Emergency Services	-	-	242,095	7,366	-	249,461
Preservation of Records	-	-	-	-	-	4,040
Federal Relief	-	795,991	-	-	-	795,991
Committed to:						
Law Enforcement	3,021	-	-	-	-	4,396
Aid and Assistance	-	-	-	-	-	26,632
Public Safety	-	-	-	-	-	46,725
Noxious Weed Control	-	-	-	-	26,451	26,451
TOTAL FUND BALANCES	<u>\$ 3,021</u>	<u>\$ 795,991</u>	<u>\$ 242,095</u>	<u>\$ 7,366</u>	<u>\$ 26,451</u>	<u>\$ 1,155,909</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Total
BALANCES JULY 1, 2021	\$ 8,563	\$ 4,644	\$ 1,504	\$ 803	\$ -	\$ 15,514
RECEIPTS						
Licenses and Permits	679	-	355	-	910	1,944
Charges for Services	49,221	4,220	9,892	1,215	-	64,548
Miscellaneous	23	-	-	-	46,779	46,802
State Fees	71,611	4,686	-	-	-	76,297
Other Liabilities	-	1,033,382	3,579	686	-	1,037,647
TOTAL RECEIPTS	121,534	1,042,288	13,826	1,901	47,689	1,227,238
DISBURSEMENTS						
Payments to County Treasurer	51,265	3,856	10,015	1,215	47,689	114,040
Payments to State Treasurer	73,070	4,229	-	-	-	77,299
Other Liabilities	-	1,029,482	3,567	686	-	1,033,735
TOTAL DISBURSEMENTS	124,335	1,037,567	13,582	1,901	47,689	1,225,074
BALANCES JUNE 30, 2022	\$ 5,762	\$ 9,365	\$ 1,748	\$ 803	\$ -	\$ 17,678
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 2,614	\$ 638	\$ 1,216	\$ -	\$ -	\$ 4,468
Petty Cash	-	-	520	-	-	520
Due to State Treasurer	3,148	1,002	-	-	-	4,150
Due to Others	-	7,725	12	803	-	8,540
BALANCES JUNE 30, 2022	\$ 5,762	\$ 9,365	\$ 1,748	\$ 803	\$ -	\$ 17,678

NUCKOLLS 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	\$ 13,173,289	\$ 13,041,503	\$ 12,752,366	\$ 12,307,058	\$ 12,343,706
Personal and Specials	1,053,901	1,088,169	1,149,905	1,242,248	1,305,643
Total	<u>14,227,190</u>	<u>14,129,672</u>	<u>13,902,271</u>	<u>13,549,306</u>	<u>13,649,349</u>
Corrections					
Additions	1,542	694	277	-	-
Deductions	(4,959)	(4,837)	(2,219)	-	(2,788)
Net Additions/ (Deductions)	<u>(3,417)</u>	<u>(4,143)</u>	<u>(1,942)</u>	<u>-</u>	<u>(2,788)</u>
Corrected Certified Tax	<u>14,223,773</u>	<u>14,125,529</u>	<u>13,900,329</u>	<u>13,549,306</u>	<u>13,646,561</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2018	9,345,661	-	-	-	-
June 30, 2019	4,859,889	9,117,951	-	-	-
June 30, 2020	9,727	4,990,992	9,103,153	-	-
June 30, 2021	3,407	9,994	4,786,024	9,276,645	-
June 30, 2022	686	1,481	4,460	4,261,461	9,282,328
Total Net Collections	<u>14,219,370</u>	<u>14,120,418</u>	<u>13,893,637</u>	<u>13,538,106</u>	<u>9,282,328</u>
Total Uncollected Tax	<u>\$ 4,403</u>	<u>\$ 5,111</u>	<u>\$ 6,692</u>	<u>\$ 11,200</u>	<u>\$ 4,364,233</u>
Percentage Uncollected Tax	<u>0.03%</u>	<u>0.04%</u>	<u>0.05%</u>	<u>0.08%</u>	<u>31.98%</u>

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NUCKOLLS COUNTY

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

Board of Commissioners
Nuckolls 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 Nuckolls 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 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 Nuckolls 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 Nuckolls County in a separate letter dated May 18, 2023.

Nuckolls County's Response to Findings

Nuckolls 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.

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

Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 18, 2023



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 18, 2023

Board of Commissioners
Nuckolls County, Nebraska

Dear Commissioners:

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

Lack of Adequate Documentation

During the fiscal year, we noted the following issues with claims approved by the County Board:

- The County paid \$1,200 to the Nuckolls County Museum in March 2022 to support its operations; however, the County did not complete any subsequent follow-up to ensure the funds were spent appropriately.
- No documentation was on file to support that the County Board approved the amounts withheld from payroll for the employee and employer share of Blue Cross Blue Shield health insurance coverage.
- The County paid \$724 during the fiscal year to an individual for court bailiff services, including \$525 for contracted labor, \$188 for mileage reimbursements, and \$11 for meals. However, there was no contract or agreement on file to support the amount paid.

Good internal controls and sound business practice require procedures to ensure that all County payments and funding requests are supported by adequate documentation, including a contract or agreement and, as appropriate, support showing how those funds were spent by the receiving entity.

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

A similar finding was included in the prior year's audit report.

We recommend the County Board implement procedures to ensure that payments and funding requests are supported by adequate documentation, including a contract or agreement and, as appropriate, support showing how those funds were spent by the receiving entity.

County Board Meeting Publications

During the audit, we noted multiple issues with the County Board's required publications, as described below:

- For three of six regular County Board meetings tested, the publication was not made within 10 business days, as required by State statute. Instead, those publications ranged from 12 to 17 business days after the close of each County Board meeting.

Meeting Date	Date Published	# of Working Days
5/2/2022	5/19/2022	13
5/16/2022	6/9/2022	17
6/27/2022	7/14/2022	12

- We noted also that the County Board meeting minutes published during the fiscal year did not include the aggregate amount of all payroll claims approved by the County Board, as required by State statute.

Neb. Rev. Stat. § 23-122 (Reissue 2022) states, in relevant part, the following:

The county board of all counties having a population of less than one hundred fifty thousand inhabitants shall cause to be published, within ten working days after the close of each annual, regular, or special meeting of the board, a brief statement of the proceedings thereof which shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item, in one newspaper of general circulation published in the county and also its proceedings upon the equalization of the assessment roll.

(Emphasis added.) Additionally, a good internal control plan requires procedures to ensure that the County Board meets all statutory publication requirements pertaining to meeting minutes.

Without such procedures, there is an increased risk of not only the County failing to comply with State statute but also the public being denied timely notification of transactions approved by, as well as other activities pertinent to, the County Board.

A similar finding was included in prior audit reports.

We recommend the County Board implement procedures to ensure compliance with all statutory publication requirements pertaining to meeting minutes.

COUNTY ATTORNEY

Unknown Trust Balance

During the audit, we noted that the County Attorney's office was maintaining a trust fund balance of \$803 in its bank account as of June 30, 2022; however, the County Attorney could not identify the proper recipient(s) of \$516 of that amount. Further, the County Attorney was holding \$287 owed to a vendor in fiscal year 2019; however, the balance had not been paid.

Sound accounting practices and good internal controls require procedures to ensure that the County Attorney can identify the proper recipient(s) of all trust funds held in the office's bank account, and such funds are paid out in a timely manner.

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

A similar finding was included in prior audits.

We recommend the County Attorney implement procedures for reviewing monies held in trust in order to identify the proper recipient(s) thereof and, upon such identification, remit such trust balances to the appropriate individual(s) in a timely manner. If an unknown balance continues to exist, we recommend the County Attorney remit it to the State Treasurer as abandoned property.

COUNTY CLERK

Clerk Office Procedures

During our audit, we noted that the County Clerk's office was not performing adequate monthly reconciliations of its bank account. Consequently, as of June 30, 2022, we noted the following:

- There was an unexplained cash long of \$100 between the book and bank balances, which is the same long noted in the prior audit. As of June 30, 2022, however, this long had not been remitted to the County Treasurer.
- There were recording errors, totaling \$16, that occurred on November 23, 2020, and May 10, 2021, which were noted in the prior audit but have not been resolved. As a result, there is an overage in the account of the same amount.

Sound accounting practices and good internal controls require procedures to ensure that office records are accurate and reconcile, at least monthly, with bank activity. Such reconciliation procedures should include both accounting for all receipts and the timely identification and resolution of any variances noted.

Without such procedures, the County's bank records are susceptible to errors and omissions, which increases the risk of loss, theft, or misuse of public funds.

This finding was included in prior audits.

We recommend the County Clerk implement procedures to ensure complete and accurate bank reconciliations are performed on, at least, a monthly basis.

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.

* * * * *

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

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

Sincerely,

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

Mark Avery, CPA
Assistant Deputy Auditor