

**AUDIT REPORT  
OF  
GAGE COUNTY**

**JULY 1, 2022, THROUGH JUNE 30, 2023**

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**Issued on April 17, 2024**

GAGE COUNTY

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GAGE COUNTY  
612 Grant St.  
Beatrice, NE 68310

**LIST OF COUNTY OFFICIALS**  
At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Erich Tiemann	Jan. 2027
	Emily Haxby	Jan. 2025
	Gary Lytle	Jan. 2027
	Don Schuller	Jan. 2025
	Eddie Dorn	Jan. 2027
	Terry Jurgens	Jan. 2027
	Dave Swavely	Jan. 2025
Assessor	Patricia Milligan	Jan. 2027
Attorney	Roger Harris	Jan. 2027
Clerk	Dawn Hill	Jan. 2027
Election Commissioner		
Register of Deeds	Donna Munoz	Jan. 2027
Clerk of the District Court	Phyllis Schoen	Jan. 2027
Sheriff	Millard Gustafson	Jan. 2027
Treasurer	Laurie Wollenburg	Jan. 2027
Surveyor	Christopher Witulski	Jan. 2027
Veterans' Service Officer	Scott Bates	Appointed
Weed Superintendent	Becky Borgman	Appointed
Highway Superintendent	Mark Kuhnke	Appointed
Planning & Zoning Emergency Manager	Lisa Wiegand	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gage County as of June 30, 2023, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

#### *Basis for Opinions*

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

#### *Emphasis of Matter – Basis of Accounting*

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

#### *Responsibilities of Management for the Financial Statements*

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18-27, 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 April 12, 2024, 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.



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

April 12, 2024

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 21,916,885
<b>TOTAL ASSETS</b>	<b>\$ 21,916,885</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 402,148
911 Emergency Services	64,603
Drug Education & Enforcement	19,350
Preservation of Records	36,167
Self-Insurance	1,995,054
Federal Relief	4,102,259
Unrestricted	15,297,304
<b>TOTAL NET POSITION</b>	<b>\$ 21,916,885</b>

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, 2023

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (13,917,165)	\$ 1,062,292	\$ 2,132,482	\$ (10,722,391)
Public Safety	(3,966,601)	80,711	93,745	(3,792,145)
Public Works	(6,345,225)	10,130	3,962,042	(2,373,053)
Public Assistance	(140,897)	-	-	(140,897)
Culture and Recreation	(144,949)	-	-	(144,949)
Total Governmental Activities	<u>\$ (24,514,837)</u>	<u>\$ 1,153,133</u>	<u>\$ 6,188,269</u>	<u>(17,173,435)</u>

General Receipts:

Taxes:	
Property	12,079,611
Motor Vehicle	1,059,885
Inheritance	1,248,453
Sales Taxes	1,527,414
Lodging Taxes	230,116
Other	210,150
Grants and Contributions Not Restricted to	
Specific Programs	87,574
Investment Income	893,226
Miscellaneous	576,447
Total General Receipts	<u>17,912,876</u>
Change in Net Position	739,441
Net Position - Beginning of year	21,177,444
Net Position - End of year	<u>\$ 21,916,885</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, 2023

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Sinking Fund	Judgment Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents (Note 1.D)	\$ 6,552,053	\$ 263,232	\$ 3,552,427	\$ 4,343,606	\$ -	\$ 4,102,259	\$ 3,103,308	\$ 21,916,885
<b>TOTAL ASSETS</b>	<u>\$ 6,552,053</u>	<u>\$ 263,232</u>	<u>\$ 3,552,427</u>	<u>\$ 4,343,606</u>	<u>\$ -</u>	<u>\$ 4,102,259</u>	<u>\$ 3,103,308</u>	<u>\$ 21,916,885</u>
<b>FUND BALANCES</b>								
Restricted for:								
Visitor Promotion	-	-	-	-	-	-	402,148	402,148
911 Emergency Services	-	-	-	-	-	-	64,603	64,603
Drug Education & Enforcement	-	-	-	-	-	-	19,350	19,350
Preservation of Records	-	-	-	-	-	-	36,167	36,167
Self-Insurance	-	-	-	-	-	-	1,995,054	1,995,054
Federal Relief	-	-	-	-	-	4,102,259	-	4,102,259
Committed to:								
Law Enforcement	-	-	-	-	-	-	62,091	62,091
Road & Bridge Maintenance	-	263,232	-	4,343,606	-	-	-	4,606,838
County Buildings	-	-	-	-	-	-	408,682	408,682
Economic Development	-	-	-	-	-	-	115,213	115,213
Assigned to:								
Other Purposes	-	-	3,552,427	-	-	-	-	3,552,427
Unassigned	6,552,053	-	-	-	-	-	-	6,552,053
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 6,552,053</u>	<u>\$ 263,232</u>	<u>\$ 3,552,427</u>	<u>\$ 4,343,606</u>	<u>\$ -</u>	<u>\$ 4,102,259</u>	<u>\$ 3,103,308</u>	<u>\$ 21,916,885</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Sinking Fund	Judgment Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
<b>RECEIPTS</b>								
Taxes:								
Property	\$ 12,079,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,079,611
Motor Vehicle	1,059,885	-	-	-	-	-	-	1,059,885
Inheritance	-	-	1,248,453	-	-	-	-	1,248,453
Sales Taxes	-	-	-	-	1,527,414	-	-	1,527,414
Lodging Taxes	-	-	-	-	-	-	230,116	230,116
Other	183,293	438	-	27	-	-	26,392	210,150
Investment Income	893,226	-	-	-	-	-	-	893,226
Intergovernmental	260,248	3,235,775	-	726,267	2,000,000	50,000	3,553	6,275,843
Charges for Services	1,107,642	10,130	-	-	-	-	35,361	1,153,133
Miscellaneous	158,162	16,961	-	-	-	-	401,324	576,447
<b>TOTAL RECEIPTS</b>	<b>15,742,067</b>	<b>3,263,304</b>	<b>1,248,453</b>	<b>726,294</b>	<b>3,527,414</b>	<b>50,000</b>	<b>696,746</b>	<b>25,254,278</b>
<b>DISBURSEMENTS</b>								
General Government	4,400,542	-	47,669	-	6,967,810	126,389	2,374,755	13,917,165
Public Safety	3,717,136	-	-	-	-	-	249,465	3,966,601
Public Works	60,616	6,247,038	-	37,571	-	-	-	6,345,225
Public Assistance	140,897	-	-	-	-	-	-	140,897
Culture and Recreation	-	-	-	-	-	-	144,949	144,949
<b>TOTAL DISBURSEMENTS</b>	<b>8,319,191</b>	<b>6,247,038</b>	<b>47,669</b>	<b>37,571</b>	<b>6,967,810</b>	<b>126,389</b>	<b>2,769,169</b>	<b>24,514,837</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>7,422,876</b>	<b>(2,983,734)</b>	<b>1,200,784</b>	<b>688,723</b>	<b>(3,440,396)</b>	<b>(76,389)</b>	<b>(2,072,423)</b>	<b>739,441</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	128,825	1,100,000	-	75,000	2,700,000	-	3,081,137	7,084,962
Transfers out	(6,956,137)	-	-	-	(115,392)	-	(13,433)	(7,084,962)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,827,312)</b>	<b>1,100,000</b>	<b>-</b>	<b>75,000</b>	<b>2,584,608</b>	<b>-</b>	<b>3,067,704</b>	<b>-</b>
Net Change in Fund Balances	595,564	(1,883,734)	1,200,784	763,723	(855,788)	(76,389)	995,281	739,441
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<b>5,956,489</b>	<b>2,146,966</b>	<b>2,351,643</b>	<b>3,579,883</b>	<b>855,788</b>	<b>4,178,648</b>	<b>2,108,027</b>	<b>21,177,444</b>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<b>\$ 6,552,053</b>	<b>\$ 263,232</b>	<b>\$ 3,552,427</b>	<b>\$ 4,343,606</b>	<b>\$ -</b>	<b>\$ 4,102,259</b>	<b>\$ 3,103,308</b>	<b>\$ 21,916,885</b>

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, 2023

	Custodial Fund Balances July 1, 2022	Receipts	Disbursements	Custodial Fund Balances June 30, 2023
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,409,414	\$ 57,201,153	\$ 57,059,384	\$ 1,551,183
<b>LIABILITIES</b>				
Due to other governments				
State - Collected by County Treasurer	573,872	7,403,256	7,356,590	620,538
State - Collected by Other Offices	32,099	314,979	325,586	21,492
Schools	428,096	35,781,354	35,785,031	424,419
Educational Service Units	5,334	507,686	508,059	4,961
Technical College	33,242	3,158,804	3,161,202	30,844
Natural Resource Districts	7,742	960,459	957,916	10,285
Fire Districts	5,625	733,656	733,595	5,686
Municipalities	111,479	5,071,408	5,080,181	102,706
Agricultural Society	1,472	133,612	133,798	1,286
Historical Society	338	30,681	30,724	295
Townships	8,673	1,066,757	1,067,491	7,939
Airport Authority	2,523	129,767	130,207	2,083
Others - Collected by County Treasurer	15,256	343,442	345,351	13,347
Others - Collected by Other Offices	183,663	1,565,292	1,443,653	305,302
<b>TOTAL LIABILITIES</b>	<u>1,409,414</u>	<u>57,201,153</u>	<u>57,059,384</u>	<u>1,551,183</u>
<b>TOTAL NET POSITION</b>	<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, 2023

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 \$97,091 toward the operation of the Region during fiscal year 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with 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 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2023). 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 \$6,619,581 of restricted net position, which is fully restricted by enabling legislation.

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

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 30, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

#### 2. Deposits and Investments

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$21,916,885 for County funds and \$1,551,183 for Fiduciary funds. The bank balances for all funds totaled \$23,433,631. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2023, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

#### 3. Taxes

Property taxes are levied by the County Board on or before October 20 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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



## GAGE COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 3. **Taxes** (Concluded)

The levy set in October 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.341630/\$100 of assessed valuation. The levy set in October 2021, for the 2021 taxes, which were materially collected in May and September 2022, was set at \$.389868/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

#### 4. **Retirement System**

The Retirement System for Nebraska Counties (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, Supp. 2023) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2023, 121 employees contributed \$249,909, and the County contributed \$369,620. Contributions included \$10,488 in cash contributions towards the supplemental law enforcement plan for 16 law enforcement employees. Lastly, the County paid \$511 directly to four retired employees for prior service benefits.

#### 5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 107 counties and local governments throughout Nebraska.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 500,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

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

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, 2023, consisted of the following:

<b>Transfers to</b>	<b>Transfers from</b>			<b>Total</b>
	General Fund	Judgment Fund	Nonmajor Funds	
General Fund	\$ -	\$ 115,392	\$ 13,433	\$ 128,825
Road Fund	1,100,000	-	-	1,100,000
Road/Bridge Sinking Fund	75,000	-	-	75,000
Judgment Fund	2,700,000	-	-	2,700,000
Nonmajor Funds	3,081,137	-	-	3,081,137
<b>Total</b>	<b>\$ 6,956,137</b>	<b>\$ 115,392</b>	<b>\$ 13,433</b>	<b>\$ 7,084,962</b>

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.

In the year ended June 30, 2023, the County made a one-time transfer of \$115,392 from the Judgment Fund to the General Fund to move remaining funds after the final judgment payment was made.

7. **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, 2023.

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 \$231,789 for Enhanced 911 Services during the fiscal year ended June 30, 2023.

8. **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. During fiscal year 2023, the County made the final judgment payment.

9. **Contingent Liabilities**

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

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 12,699,872	\$ 12,699,872	\$ 13,322,789	\$ 622,917
Investment Income	75,000	75,000	893,226	818,226
Intergovernmental	160,000	160,000	260,248	100,248
Charges for Services	607,000	607,000	1,107,642	500,642
Miscellaneous	-	-	158,162	158,162
<b>TOTAL RECEIPTS</b>	<b>13,541,872</b>	<b>13,541,872</b>	<b>15,742,067</b>	<b>2,200,195</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	216,000	216,000	208,224	7,776
County Clerk	258,700	258,700	232,577	26,123
County Treasurer	338,258	338,258	322,824	15,434
Register of Deeds	179,932	179,932	175,000	4,932
County Assessor	381,300	381,300	367,272	14,028
Election Commissioner	166,503	166,503	118,489	48,014
Building and Zoning	2,975	2,975	2,267	708
Employment Security	40,000	40,000	-	40,000
Clerk of the District Court	179,345	179,345	174,859	4,486
County Court System	14,000	14,000	9,255	4,745
District Judge	132,046	132,046	128,573	3,473
Public Defender	166,100	166,100	165,450	650
Building and Grounds	485,900	485,900	297,443	188,457
Agricultural Extension Agent	106,426	106,426	87,353	19,073
Miscellaneous	5,027,972	5,011,972	2,110,956	2,901,016
Public Safety				
County Sheriff	1,716,683	1,716,683	1,613,654	103,029
County Attorney	491,462	507,462	500,267	7,195
District Probation	85,498	85,498	83,234	2,264
County Jail	1,394,910	1,394,910	1,343,828	51,082
Emergency Management	134,480	134,480	110,543	23,937
Child Support	66,849	66,849	64,453	2,396
Shop With a Cop	15,569	15,569	1,157	14,412
Public Works				
County Surveyor	95,301	95,301	58,195	37,106
Noxious Weed Control	4,150	4,150	2,421	1,729
Public Assistance				
Veterans' Service Officer	98,676	98,676	98,036	640
Veterans' Aid	2,000	2,000	2,000	-
Relief/Medical	61,300	61,300	14,813	46,487
Institutions	52,000	52,000	26,048	25,952
<b>TOTAL DISBURSEMENTS</b>	<b>11,914,335</b>	<b>11,914,335</b>	<b>8,319,191</b>	<b>3,595,144</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>1,627,537</b>	<b>1,627,537</b>	<b>7,422,876</b>	<b>5,795,339</b>

(Continued)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,433	13,433	128,825	115,392
Transfers out	(6,247,459)	(6,247,459)	(6,956,137)	(708,678)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(6,234,026)</u>	<u>(6,234,026)</u>	<u>(6,827,312)</u>	<u>(593,286)</u>
Net Change in Fund Balance	(4,606,489)	(4,606,489)	595,564	5,202,053
<b>FUND BALANCE - BEGINNING</b>	<u>5,956,489</u>	<u>5,956,489</u>	<u>5,956,489</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>	<u>\$ 6,552,053</u>	<u>\$ 5,202,053</u>
				(Concluded)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 438	\$ 438	\$ 438	\$ -
Intergovernmental	3,110,845	3,110,845	3,235,775	124,930
Charges for Services	-	-	10,130	10,130
Miscellaneous	-	-	16,961	16,961
<b>TOTAL RECEIPTS</b>	<b>3,111,283</b>	<b>3,111,283</b>	<b>3,263,304</b>	<b>152,021</b>
<b>DISBURSEMENTS</b>				
	6,655,836	6,655,836	6,247,038	408,798
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>				
	(3,544,553)	(3,544,553)	(2,983,734)	560,819
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,022,587	2,022,587	1,100,000	(922,587)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
	2,022,587	2,022,587	1,100,000	(922,587)
Net Change in Fund Balance	(1,521,966)	(1,521,966)	(1,883,734)	(361,768)
FUND BALANCE - BEGINNING	2,146,966	2,146,966	2,146,966	-
FUND BALANCE - ENDING	<u>\$ 625,000</u>	<u>\$ 625,000</u>	<u>\$ 263,232</u>	<u>\$ (361,768)</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 1,248,453	\$ 1,248,453
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>1,248,453</b>	<b>1,248,453</b>
<b>DISBURSEMENTS</b>				
	2,351,643	2,351,643	47,669	2,303,974
Net Change in Fund Balance	(2,351,643)	(2,351,643)	1,200,784	3,552,427
FUND BALANCE - BEGINNING	2,351,643	2,351,643	2,351,643	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,552,427</u>	<u>\$ 3,552,427</u>
<b>ROAD/BRIDGE SINKING FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 27	\$ 27
Intergovernmental	-	-	726,267	726,267
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>726,294</b>	<b>726,294</b>
<b>DISBURSEMENTS</b>				
	3,654,883	3,654,883	37,571	3,617,312
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>				
	(3,654,883)	(3,654,883)	688,723	4,343,606
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	75,000	75,000	75,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
	75,000	75,000	75,000	-
Net Change in Fund Balance	(3,579,883)	(3,579,883)	763,723	4,343,606
FUND BALANCE - BEGINNING	3,579,883	3,579,883	3,579,883	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,343,606</u>	<u>\$ 4,343,606</u>

(Continued)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>JUDGMENT FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 4,000,000	\$ 4,000,000	\$ 1,527,414	\$ (2,472,586)
Intergovernmental	2,000,000	2,000,000	2,000,000	-
<b>TOTAL RECEIPTS</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>3,527,414</b>	<b>(2,472,586)</b>
<b>DISBURSEMENTS</b>				
	8,855,788	8,855,788	6,967,810	1,887,978
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>				
	(2,855,788)	(2,855,788)	(3,440,396)	(584,608)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000,000	2,000,000	2,700,000	700,000
Transfers out	-	-	(115,392)	(115,392)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,584,608</b>	<b>584,608</b>
Net Change in Fund Balance	(855,788)	(855,788)	(855,788)	-
FUND BALANCE - BEGINNING	855,788	855,788	855,788	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>COVID AMERICAN RESCUE PLAN FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ -	\$ -	\$ 50,000	\$ 50,000
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>
<b>DISBURSEMENTS</b>				
	4,178,648	4,178,648	126,389	4,052,259
Net Change in Fund Balance	(4,178,648)	(4,178,648)	(76,389)	4,102,259
FUND BALANCE - BEGINNING	4,178,648	4,178,648	4,178,648	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,102,259</u>	<u>\$ 4,102,259</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VISITORS PROMOTION FUND</b>				
Receipts	\$ 123,429	\$ 123,429	\$ 115,058	\$ (8,371)
Disbursements	(130,000)	(130,000)	(121,629)	8,371
Net Change in Fund Balance	(6,571)	(6,571)	(6,571)	-
Fund Balance - Beginning	6,571	6,571	6,571	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
<b>VISITORS IMPROVEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 115,058	\$ 115,058
Disbursements	(310,410)	(310,410)	(23,320)	287,090
Net Change in Fund Balance	(310,410)	(310,410)	91,738	402,148
Fund Balance - Beginning	310,410	310,410	310,410	-
Fund Balance - Ending	\$ -	\$ -	\$ 402,148	\$ 402,148
<b>PRESERVATION &amp; MODERNIZATION FUND</b>				
Receipts	\$ -	\$ -	\$ 14,847	\$ 14,847
Disbursements	(41,166)	(41,166)	(19,846)	21,320
Net Change in Fund Balance	(41,166)	(41,166)	(4,999)	36,167
Fund Balance - Beginning	41,166	41,166	41,166	-
Fund Balance - Ending	\$ -	\$ -	\$ 36,167	\$ 36,167
<b>INSURANCE FUND</b>				
Receipts	\$ -	\$ -	\$ 399,077	\$ 399,077
Disbursements	(2,550,000)	(2,550,000)	(2,078,804)	471,196
Transfers in	1,758,842	1,758,842	2,683,623	924,781
Transfers out	-	-	-	-
Net Change in Fund Balance	(791,158)	(791,158)	1,003,896	1,795,054
Fund Balance - Beginning	791,158	791,158	991,158	200,000
Fund Balance - Ending	\$ -	\$ -	\$ 1,995,054	\$ 1,995,054
<b>DIVERSION PROGRAM FUND</b>				
Receipts	\$ 47,800	\$ 47,800	\$ 15,003	\$ (32,797)
Disbursements	(50,000)	(50,000)	(13,218)	36,782
Transfers in	-	-	-	-
Transfers out	(13,433)	(13,433)	(13,433)	-
Net Change in Fund Balance	(15,633)	(15,633)	(11,648)	3,985
Fund Balance - Beginning	15,633	15,633	15,633	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,985	\$ 3,985
<b>STOP PROGRAM FUND</b>				
Receipts	\$ -	\$ -	\$ 5,160	\$ 5,160
Disbursements	(57,154)	(57,154)	(4,208)	52,946
Net Change in Fund Balance	(57,154)	(57,154)	952	58,106
Fund Balance - Beginning	57,154	57,154	57,154	-
Fund Balance - Ending	\$ -	\$ -	\$ 58,106	\$ 58,106

(Continued)



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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COUNTY DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 2,598	\$ 2,598
Disbursements	(6,965)	(6,965)	(250)	6,715
Net Change in Fund Balance	(6,965)	(6,965)	2,348	9,313
Fund Balance - Beginning	6,965	6,965	6,965	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,313</u>	<u>\$ 9,313</u>
<b>ECONOMIC DEVELOPMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(200,000)	(200,000)	(84,787)	115,213
Transfers in	123,890	123,890	123,890	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(76,110)	(76,110)	39,103	115,213
Fund Balance - Beginning	76,110	76,110	76,110	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,213</u>	<u>\$ 115,213</u>
<b>911 EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 26,392	\$ 26,392
Disbursements	(270,000)	(270,000)	(231,789)	38,211
Transfers in	200,827	200,827	200,827	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(69,173)	(69,173)	(4,570)	64,603
Fund Balance - Beginning	69,173	69,173	69,173	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,603</u>	<u>\$ 64,603</u>
<b>COUNTY BUILDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(600,000)	(600,000)	(191,318)	408,682
Transfers in	66,313	66,313	66,313	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(533,687)	(533,687)	(125,005)	408,682
Fund Balance - Beginning	533,687	533,687	533,687	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408,682</u>	<u>\$ 408,682</u>
<b>OPIOID RECOVERY FUND</b>				
Receipts	\$ -	\$ -	\$ 3,553	\$ 3,553
Disbursements	-	-	-	-
Transfers in	-	-	6,484	6,484
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	10,037	10,037
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,037</u>	<u>\$ 10,037</u>

(Concluded)

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

	Visitors Promotion Fund	Visitors Improvement Fund	Preservation & Modernization Fund	Insurance Fund	Diversion Program Fund	STOP Program Fund
<b>RECEIPTS</b>						
Taxes:						
Lodging Taxes	\$ 115,058	\$ 115,058	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	14,847	-	15,003	5,160
Miscellaneous	-	-	-	399,077	-	-
<b>TOTAL RECEIPTS</b>	<u>115,058</u>	<u>115,058</u>	<u>14,847</u>	<u>399,077</u>	<u>15,003</u>	<u>5,160</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	19,846	2,078,804	-	-
Public Safety	-	-	-	-	13,218	4,208
Culture and Recreation	121,629	23,320	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>121,629</u>	<u>23,320</u>	<u>19,846</u>	<u>2,078,804</u>	<u>13,218</u>	<u>4,208</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(6,571)</u>	<u>91,738</u>	<u>(4,999)</u>	<u>(1,679,727)</u>	<u>1,785</u>	<u>952</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	2,683,623	-	-
Transfers out	-	-	-	-	(13,433)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,683,623</u>	<u>(13,433)</u>	<u>-</u>
Net Change in Fund Balances	(6,571)	91,738	(4,999)	1,003,896	(11,648)	952
<b>FUND BALANCES - BEGINNING</b>	<u>6,571</u>	<u>310,410</u>	<u>41,166</u>	<u>991,158</u>	<u>15,633</u>	<u>57,154</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 402,148</u>	<u>\$ 36,167</u>	<u>\$1,995,054</u>	<u>\$ 3,985</u>	<u>\$ 58,106</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	402,148	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education & Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	36,167	-	-	-
Self-Insurance	-	-	-	1,995,054	-	-
Committed to:						
Law Enforcement	-	-	-	-	3,985	58,106
County Buildings	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 402,148</u>	<u>\$ 36,167</u>	<u>\$1,995,054</u>	<u>\$ 3,985</u>	<u>\$ 58,106</u>

(Continued)

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

For the Year Ended June 30, 2023

	County Drug Law Enforcement Fund	Economic Development Fund	911 Emergency Management Fund	County Building Fund	Opioid Recovery Fund	Total Nonmajor Funds
<b>RECEIPTS</b>						
Taxes:						
Lodging Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,116
Other	-	-	26,392	-	-	26,392
Intergovernmental	-	-	-	-	3,553	3,553
Charges for Services	351	-	-	-	-	35,361
Miscellaneous	2,247	-	-	-	-	401,324
<b>TOTAL RECEIPTS</b>	<u>2,598</u>	<u>-</u>	<u>26,392</u>	<u>-</u>	<u>3,553</u>	<u>696,746</u>
<b>DISBURSEMENTS</b>						
General Government	-	84,787	-	191,318	-	2,374,755
Public Safety	250	-	231,789	-	-	249,465
Culture and Recreation	-	-	-	-	-	144,949
<b>TOTAL DISBURSEMENTS</b>	<u>250</u>	<u>84,787</u>	<u>231,789</u>	<u>191,318</u>	<u>-</u>	<u>2,769,169</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>2,348</u>	<u>(84,787)</u>	<u>(205,397)</u>	<u>(191,318)</u>	<u>3,553</u>	<u>(2,072,423)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	123,890	200,827	66,313	6,484	3,081,137
Transfers out	-	-	-	-	-	(13,433)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>123,890</u>	<u>200,827</u>	<u>66,313</u>	<u>6,484</u>	<u>3,067,704</u>
Net Change in Fund Balances	2,348	39,103	(4,570)	(125,005)	10,037	995,281
<b>FUND BALANCES - BEGINNING</b>	<u>6,965</u>	<u>76,110</u>	<u>69,173</u>	<u>533,687</u>	<u>-</u>	<u>2,108,027</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 9,313</u>	<u>\$ 115,213</u>	<u>\$ 64,603</u>	<u>\$ 408,682</u>	<u>\$ 10,037</u>	<u>\$ 3,103,308</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	402,148
911 Emergency Services	-	-	64,603	-	-	64,603
Drug Education & Enforcement	9,313	-	-	-	10,037	19,350
Preservation of Records	-	-	-	-	-	36,167
Self-Insurance	-	-	-	-	-	1,995,054
Committed to:						
Law Enforcement	-	-	-	-	-	62,091
County Buildings	-	-	-	408,682	-	408,682
Economic Development	-	115,213	-	-	-	115,213
<b>TOTAL FUND BALANCES</b>	<u>\$ 9,313</u>	<u>\$ 115,213</u>	<u>\$ 64,603</u>	<u>\$ 408,682</u>	<u>\$ 10,037</u>	<u>\$ 3,103,308</u>

(Concluded)

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

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Planning & Zoning	County Health Insurance	County Flex Spending	County Assessor	Total
BALANCES JULY 1, 2022	\$ 181,155	\$ 42,915	\$ 121,597	\$ 33,819	\$ 42,820	\$ 1,401	\$ 4,731	\$ -	\$ 200,000	\$ 7,410	\$ 33	\$ 635,881
<b>RECEIPTS</b>												
Taxes	-	-	-	1,660	-	-	-	-	-	-	-	1,660
Intergovernmental	-	-	-	2,149	-	-	2,000	-	-	-	-	4,149
Charges for Services	63,121	171,924	68,331	51,262	20,233	-	-	15,907	-	-	20	390,798
Miscellaneous	29	-	-	14,378	-	15,793	26	-	1,626,327	-	-	1,656,553
State Fees	4,195	251,547	59,237	-	-	-	-	-	-	-	-	314,979
Other Liabilities	-	-	756,935	744,087	24,742	-	-	-	-	39,528	-	1,565,292
<b>TOTAL RECEIPTS</b>	<b>67,345</b>	<b>423,471</b>	<b>884,503</b>	<b>813,536</b>	<b>44,975</b>	<b>15,793</b>	<b>2,026</b>	<b>15,907</b>	<b>1,626,327</b>	<b>39,528</b>	<b>20</b>	<b>3,933,431</b>
<b>DISBURSEMENTS</b>												
Payments to County Treasurer	62,559	176,623	65,398	67,173	20,163	16,961	-	15,907	-	-	-	424,784
Payments to State Treasurer	4,148	259,443	61,995	-	-	-	-	-	-	-	-	325,586
Petty Cash & Other Payments	29	-	-	211	-	-	247	-	1,626,327	-	28	1,626,842
Other Liabilities	-	-	637,115	744,300	22,710	-	-	-	-	39,528	-	1,443,653
<b>TOTAL DISBURSEMENTS</b>	<b>66,736</b>	<b>436,066</b>	<b>764,508</b>	<b>811,684</b>	<b>42,873</b>	<b>16,961</b>	<b>247</b>	<b>15,907</b>	<b>1,626,327</b>	<b>39,528</b>	<b>28</b>	<b>3,820,865</b>
BALANCES JUNE 30, 2023	\$ 181,764	\$ 30,320	\$ 241,592	\$ 35,671	\$ 44,922	\$ 233	\$ 6,510	\$ -	\$ 200,000	\$ 7,410	\$ 25	\$ 748,447
<b>BALANCES CONSIST OF:</b>												
Due to County Treasurer	\$ 1,077	\$ 12,214	\$ 5,446	\$ 5,028	\$ 90	\$ 233	\$ 6,510	\$ -	\$ -	\$ -	\$ -	\$ 30,598
Petty Cash	180,250	150	-	10,630	-	-	-	-	200,000	-	25	391,055
Due to State Treasurer	437	17,956	3,099	-	-	-	-	-	-	-	-	21,492
Due to Others	-	-	233,047	20,013	44,832	-	-	-	-	7,410	-	305,302
BALANCES JUNE 30, 2023	\$ 181,764	\$ 30,320	\$ 241,592	\$ 35,671	\$ 44,922	\$ 233	\$ 6,510	\$ -	\$ 200,000	\$ 7,410	\$ 25	\$ 748,447

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

Item	2018	2019	2020	2021	2022
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 45,602,416	\$ 45,186,288	\$ 44,538,179	\$ 45,237,430	\$ 46,044,399
Personal and Specials	5,244,593	5,237,507	5,148,878	5,654,071	6,305,524
<b>Total</b>	<b>50,847,009</b>	<b>50,423,795</b>	<b>49,687,057</b>	<b>50,891,501</b>	<b>52,349,923</b>
<b>Corrections</b>					
Additions	18,854	8,671	18,814	4,823	232
Deductions	(14,338)	(27,078)	(6,426)	(2,094)	(2,063)
Net Additions/ (Deductions)	4,516	(18,407)	12,388	2,729	(1,831)
<b>Corrected Certified Tax</b>	<b>50,851,525</b>	<b>50,405,388</b>	<b>49,699,445</b>	<b>50,894,230</b>	<b>52,348,092</b>
<b>Net Tax Collected by</b>					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2019	30,431,140	-	-	-	-
June 30, 2020	20,383,325	30,221,404	-	-	-
June 30, 2021	16,809	20,144,001	30,757,956	-	-
June 30, 2022	9,038	13,345	18,897,594	32,482,356	-
June 30, 2023	1	3,061	15,890	18,377,786	33,224,876
<b>Total Net Collections</b>	<b>50,840,313</b>	<b>50,381,811</b>	<b>49,671,440</b>	<b>50,860,142</b>	<b>33,224,876</b>
<b>Total Uncollected Tax</b>	<b>\$ 11,212</b>	<b>\$ 23,577</b>	<b>\$ 28,005</b>	<b>\$ 34,088</b>	<b>\$ 19,123,216</b>
<b>Percentage Uncollected Tax</b>	<b>0.02%</b>	<b>0.05%</b>	<b>0.06%</b>	<b>0.07%</b>	<b>36.53%</b>

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



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## GAGE COUNTY

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

Board of Supervisors  
Gage County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gage County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 12, 2024. 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 April 12, 2024.

**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.



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

April 12, 2024



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 12, 2024

Board of Supervisor  
Gage County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Gage County (County) for the fiscal year ended June 30, 2023, and have issued our report thereon dated April 12, 2024. 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

#### Attorney Office Procedures

During testing, the APA noted the following regarding the County Attorney's office procedures:

- The County Attorney maintains two bank accounts, and during the fiscal year ending June 30, 2023, over \$23,000 of checks cleared these bank accounts. However, the County Attorney was unable to provide images of the checks that cleared the bank during the fiscal year.
- During review of the County Attorney's Bad Check Restitution bank account, the APA noted that bad check collection fees had not been remitted to the County Treasurer since April 2022. As of January 31, 2024, the County Attorney was holding \$130 that had not been remitted to the County Treasurer.
- The County Attorney's office did not write receipts, as required by State statute, for monies received in the office for 10 payments of diversion fees, totaling \$1,797.
- The County Attorney's office did not write receipts for any payments received for the County's Safety Training Option Program (STOP) during the fiscal year ending 2023. The County Attorney received \$5,160 for this program during the fiscal year.
- The Diversion Program Director has the authority to waive all or a portion of the standard diversion fees for individuals who enroll in the program. The County Attorney reviews a monthly report of enrollments to the diversion program and initials next to waived fees to document his review; however, for two of the eight fees waived during the fiscal year 2023, the County Attorney's approval of these waived fees was not documented.



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

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

Neb. Rev. Stat. § 23-1207(1) (Reissue 2022) states the following:

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

Good internal controls and sound business practices require procedures to ensure the following: 1) images of cleared checks are maintained on file for subsequent review to ensure that checks were paid out to the proper individuals; 2) all fees collected are remitted to the County Treasurer in a timely manner; 3) receipts are written for all funds received by the office; and 4) all waived fees are reviewed by a second individual, and that review is adequately documented.

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

A similar issue was noted in the prior audit.

We recommend the County Attorney implement procedures to ensure the following: 1) images of cleared checks are maintained on file for subsequent review to ensure that checks were paid out to the proper individuals; 2) all fees collected are remitted to the County Treasurer in a timely manner; 3) receipts are written for all funds received by the office; and 4) all waived fees are reviewed by a second individual, and that review is adequately documented.

*County Attorney Response: 1) In reference to bullet #1, we will order the images of the checks even though we balance the accounts each month; 2) In reference to bullet #3, these were amounts paid by the court to the diversion program from bonds of the individuals and we have copies of the court order and the check; and 3) In reference to bullet #4, we receive checks from the STOP programs and they are deposited with the treasurer who gives us a receipt.*

**APA Response: Per State statute, specifically § 23-1207(1), the County Attorney must issue a duplicate receipt for all funds received by the office.**

### **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 documentation provided to the County Board to support these grant reimbursements.

- Payroll costs for a program employee, totaling \$2,659, 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 22090004 paid a total of \$10,654 to the School; however, no documentation was provided for \$262 of this total.

Good internal controls require procedures to ensure grant reimbursement claims are completely supported 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.

### COUNTY SHERIFF

#### Sheriff Office Procedures

During the audit, we noted the following regarding the accounting procedures of the County Sheriff’s office:

- Each month, the County Sheriff’s office remits fees collected to the County Treasurer. However, when checks are written to the County Treasurer, the County Sheriff’s office dates the check for the last day of the month the fees were collected in, not the date the check was actually written. For some checks, the APA noted that the County Treasurer did not receive the fees until a few months after the date on the check.
- The bank reconciliation performed for the County Sheriff’s Fee bank account as of June 30, 2023, included two deposits in transit, totaling \$20. The table below details these deposits.

<b>Payment Date</b>	<b>Days Outstanding as of 6/30/2023</b>	<b>Amount</b>
6/1/2023	29	\$ 10
6/7/2023	23	10
<b>Total</b>		<b>\$ 20</b>

These deposits were for title inspections and were paid by credit card. While credit card payments typically take a few days before clearing the bank account, it does not appear reasonable that these payments took nearly one month to clear the bank account. The County Sheriff appears to lack adequate procedures for tracking credit card payments to ensure timely deposits into the bank account.

- When an inmate is released, the County Sheriff often returns funds held for the inmate by issuing prepaid debit cards with the balance owed to the inmate. The funds on these debit cards are disbursed from the County Sheriff’s bank account and are no longer included in the balance held by the Sheriff. However, on the bank reconciliation dated June 30, 2023, the APA noted that the Sheriff listed a debit card, issued February 21, 2022, for \$13, as an outstanding disbursement. It does not appear reasonable that this debit card did not clear the bank account for over one year.
- For the Jail Fees bank account, the balance sheet for September 2022 showed that the County Sheriff collected \$23,464 for bond payments; however, based on the bank statements and the check register, the Sheriff appears to have actually collected \$25,664 for bond payments. The County Sheriff was unable to explain this \$2,200 discrepancy.
- The County Sheriff received a payment of \$2,992 in August 2022 from the County’s insurance provider for hail damage to a vehicle leased by the County Sheriff’s office. The County Sheriff paid this amount to the company that owns the leased vehicle; however, this disbursement was not approved by the County Board through the County’s claims process.
- As of June 30, 2023, the County Sheriff held a balance of \$2,512 in the Jail Commissary bank account; however, only \$272 of this amount was being held for inmates. The remaining \$2,240 is an unknown amount held in the bank account. Per discussion with the County Sheriff’s office, this amount is due to the County Treasurer.

- The County Sheriff has an authorized petty cash amount of \$5,000 to use for drug investigations. As of June 30, 2023, the Sheriff was holding \$5,430 for drug investigations. This additional \$430 was not approved by the County Board.

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

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

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

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

A similar issue was noted in the prior audit.

(Emphasis added.) Good internal controls require procedures to ensure the following: 1) checks are dated when written; 2) monthly bank reconciliations are adequate, all reconciling items are accurate and reasonable, and any discrepancies are resolved in a timely manner; 3) monthly balance sheets correctly include all amounts received and disbursed each month; 4) all payments of County funds are properly approved by the County Board through the County's claims process; 5) all balances held on behalf of the County are paid to the County Treasurer in a timely manner; and 6) petty cash is held at the amount authorized by the County Board.

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

We recommend the County Sheriff implement procedures to ensure the following: 1) checks are dated when written; 2) monthly bank reconciliations are adequate, all reconciling items are accurate and reasonable, and any discrepancies are resolved in a timely manner; 3) monthly balance sheets correctly include all amounts received and disbursed each month; 4) all payments of County funds are properly approved by the County Board through the County's claims process; 5) all balances held on behalf of the County are paid to the County Treasurer in a timely manner; and 6) petty cash is held at the amount authorized by the County Board.

## **COUNTY BOARD**

### **Potentially Disallowed Expense**

During testing, the APA noted that the County paid claim 23020003, totaling \$1,820, to B & P Casino Parties for the cost of two hours of play money casino gaming at the annual employee banquet and recognition dinner. The APA questions whether such a purchase is an allowable expense.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022), specifies the various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to counties, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Reissue 2022).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Payments for entertainment at an annual banquet and recognition dinner are not found among that select statutory list of permissible expenditures.

Consequently, not being expressly permitted under the Act – or, to the best of our knowledge, elsewhere in State statute – the use of public funds to pay for the entertainment costs addressed herein must be presumed disallowed by law.

Good internal control requires procedures to ensure that all expenditures of public funds are lawful. Without such procedures, there is an increased risk for not only noncompliance with applicable State statutes but also loss or misuse of County funds.

We recommend the Board implement procedures to ensure all County expenditures are allowable under State statute, including the provisions of the Act.

**CLERK OF THE DISTRICT COURT**

**Improper Non-Monetary Receipt**

For one case tested, we noted that the Clerk of the District Court incorrectly issued a non-monetary receipt, in the amount of \$584, for Guardian Ad Litem fees. This resulted in the accounting system showing that amount to have been paid in full when, in actuality, it is still owed to the District Court.

Good internal controls and sound accounting practices require procedures to ensure that non-monetary receipts are issued only when appropriate.

Without such procedures, there is an increased risk of District Court costs and fees being removed improperly from the accounting system despite being still owed to the court.

We recommend the Clerk of the District Court implement procedures to ensure that non-monetary receipts are issued only when appropriate.

**COUNTY PLANNING & ZONING**

**Inaccurate Receipt Records**

During our audit, we noted that the Planning & Zoning Administrator incorrectly recorded the amount received for the following four permits, resulting in a variance of \$43 between the amount recorded and the amount actually collected:

<b>Permit #</b>	<b>Amount Recorded</b>	<b>Amount Collected</b>	<b>Variance</b>
2022-79	\$ 50	\$ -	\$ 50
2022-86	30	50	(20)
2022-108	58	50	8
2023-2	50	131	(81)
<b>Total</b>	<b>\$ 188</b>	<b>\$ 231</b>	<b>\$ (43)</b>

Good internal controls and sound accounting practices require procedures to ensure that receipt records are written and maintained correctly and agree to the amount actually collected.

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

We recommend the County Planning & Zoning Administrator implement procedures to ensure that receipt records are written and maintained correctly and agree to the amount actually collected.

**COUNTY OVERALL**

**Fees Not Approved by County Board**

During our audit, we noted that the following office fees collected during fiscal year 2023, which are not prescribed by State statute or administrative regulation, were not established and approved by the County Board.

Type of Fee	Office	Amount Received During FY2023
Election Voter Lists & Copies	County Clerk	\$ 538
Plat Maps	County Clerk	861
Passport Photo Fees	County Clerk	5,175
Copies	County Clerk	3,181
Copies	County Assessor	20
Copies	County Sheriff	41
Fingerprints	County Sheriff	2,328
Visitation Cards	County Sheriff	55
<b>Total</b>		<b>\$ 12,199</b>

Neb. Rev. Stat. § 23-106(1) (Reissue 2022) assigns to the County Board responsibility for managing County funds and business.

In addition, good internal controls require procedures to ensure that all fees collected by County officers, aside from those prescribed by State statute or administrative regulation, are established and approved by the County Board and documented in the appropriate meeting minutes.

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

We recommend the County implement procedures to ensure that all fees collected by County officers, aside from those prescribed by State statute or administrative regulation, are established and approved by the County Board and documented in the appropriate meeting minutes.

**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 cursive script that reads "Dakota Christensen". The signature is written in black ink and is positioned above the printed name and title.

Dakota Christensen, CPA, CISA, CFE  
Audit Manager