

**AUDIT REPORT
OF
HARLAN COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on April 3, 2024

HARLAN COUNTY

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HARLAN COUNTY
706 W 2nd Street
Alma, NE 68920

LIST OF COUNTY OFFICIALS
At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Jeff Bash	Jan. 2027
	Cindy Boehler	Jan. 2025
	Max Schultz	Jan. 2025
	Christian Schluntz	Jan. 2027
	Ron Imm	Jan. 2025
	Mike Clements	Jan. 2027
	Anthony Gulizia	Jan. 2027
Assessor	Kim Fouts	Jan. 2027
Attorney	Bryan McQuay	Jan. 2027
Clerk Election Commissioner Register of Deeds Clerk of the District Court	DaLynn Burgeson	Jan. 2027
Sheriff	Chris Becker	Jan. 2027
Treasurer	Sandy Artz	Jan. 2027
Surveyor	Vacant	
Veterans' Service Officer	Patrick George	Appointed
Weed Superintendent Highway Superintendent	Tim Burgeson	Appointed
Planning & Zoning	Ron Melbye	Appointed



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HARLAN COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Harlan County, Nebraska

Report on the Audit of Financial Statements

Adverse and Unmodified Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harlan County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Harlan County, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information

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 Harlan 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 Adverse and Unmodified 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 related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

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 17-29, 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 2, 2024, on our consideration of Harlan 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 Harlan County’s internal control over financial reporting and compliance.

April 2, 2024



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

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,321,087
TOTAL ASSETS	\$ 3,321,087
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 26,381
911 Emergency Services	3,416
Drug Education and Enforcement	14,362
Preservation of Records	4,397
Debt Service	186,075
Road and Bridge Maintenance	183,405
Federal Relief	485,901
Unrestricted	2,417,150
TOTAL NET POSITION	\$ 3,321,087

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

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

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,499,856)	\$ 236,673	\$ 10,955	\$ (1,252,228)
Public Safety	(874,085)	94,134	-	(779,951)
Public Works	(2,395,694)	7,465	1,297,117	(1,091,112)
Public Assistance	(17,805)	-	-	(17,805)
Culture and Recreation	(24,459)	-	1,875	(22,584)
Debt Payments	(397,080)	-	-	(397,080)
Capital Outlay	(127,365)	-	-	(127,365)
Total Governmental Activities	<u><u>\$ (5,336,344)</u></u>	<u><u>\$ 338,272</u></u>	<u><u>\$ 1,309,947</u></u>	<u><u>(3,688,125)</u></u>

General Receipts:

Taxes:	
Property	2,369,813
Motor Vehicle	184,367
Inheritance	366,876
Other	60,713
Grants and Contributions Not Restricted to	
Specific Programs	162,966
Investment Income	24,452
Miscellaneous	38,297
Total General Receipts	<u><u>3,207,484</u></u>
Change in Net Position	(480,641)
Net Position - Beginning of year	3,801,728
Net Position - End of year	<u><u>\$ 3,321,087</u></u>

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

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

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>COVID American Rescue Plan Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 411,238	\$ 185	\$ 1,357,109	\$ 485,901	\$ 1,066,654	\$ 3,321,087
TOTAL ASSETS	<u>\$ 411,238</u>	<u>\$ 185</u>	<u>\$ 1,357,109</u>	<u>\$ 485,901</u>	<u>\$ 1,066,654</u>	<u>\$ 3,321,087</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	26,381	26,381
911 Emergency Services	-	-	-	-	3,416	3,416
Drug Education and Enforcement	-	-	-	-	14,362	14,362
Preservation of Records	-	-	-	-	4,397	4,397
Debt Service	-	-	-	-	186,075	186,075
Road and Bridge Maintenance	-	-	-	-	183,405	183,405
Federal Relief	-	-	-	485,901	-	485,901
Committed to:						
Law Enforcement	-	-	-	-	4,179	4,179
Road and Bridge Maintenance	-	185	-	-	12,564	12,749
Aid and Assistance	-	-	-	-	11,204	11,204
County Buildings	-	-	-	-	183,919	183,919
Equipment Purchases	-	-	-	-	397,123	397,123
Property Reappraisal	-	-	-	-	38,687	38,687
Community Betterment	-	-	-	-	942	942
Assigned to:						
Other Purposes	-	-	1,357,109	-	-	1,357,109
Unassigned	411,238	-	-	-	-	411,238
TOTAL CASH BASIS FUND BALANCES	<u>\$ 411,238</u>	<u>\$ 185</u>	<u>\$ 1,357,109</u>	<u>\$ 485,901</u>	<u>\$ 1,066,654</u>	<u>\$ 3,321,087</u>

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

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

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes:						
Property	\$2,074,253	\$ -	\$ -	\$ -	\$ 295,560	\$ 2,369,813
Motor Vehicle	184,367	-	-	-	-	184,367
Inheritance	-	-	366,876	-	-	366,876
Other	28,698	-	-	-	32,015	60,713
Investment Income	21,844	-	-	-	2,608	24,452
Intergovernmental	110,636	1,122,424	-	50,000	189,853	1,472,913
Charges for Services	327,359	7,465	-	-	3,448	338,272
Miscellaneous	13,050	8,686	-	-	16,561	38,297
TOTAL RECEIPTS	<u>2,760,207</u>	<u>1,138,575</u>	<u>366,876</u>	<u>50,000</u>	<u>540,045</u>	<u>4,855,703</u>
DISBURSEMENTS						
General Government	1,264,542	-	1,157	220,624	13,533	1,499,856
Public Safety	865,109	-	-	-	8,976	874,085
Public Works	2,217	1,843,353	-	-	550,124	2,395,694
Public Assistance	17,805	-	-	-	-	17,805
Culture and Recreation	-	-	-	-	24,459	24,459
Debt Service:						
Principal Payments	-	-	-	-	390,020	390,020
Interest and Fiscal Charges	-	-	-	-	7,060	7,060
Capital Outlay	-	-	-	-	127,365	127,365
TOTAL DISBURSEMENTS	<u>2,149,673</u>	<u>1,843,353</u>	<u>1,157</u>	<u>220,624</u>	<u>1,121,537</u>	<u>5,336,344</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>610,534</u>	<u>(704,778)</u>	<u>365,719</u>	<u>(170,624)</u>	<u>(581,492)</u>	<u>(480,641)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	617,500	-	87,570	464,599	1,169,669
Transfers out	(1,082,099)	-	-	-	(87,570)	(1,169,669)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,082,099)</u>	<u>617,500</u>	<u>-</u>	<u>87,570</u>	<u>377,029</u>	<u>-</u>
Net Change in Fund Balances	(471,565)	(87,278)	365,719	(83,054)	(204,463)	(480,641)
CASH BASIS FUND BALANCES - BEGINNING	<u>882,803</u>	<u>87,463</u>	<u>991,390</u>	<u>568,955</u>	<u>1,271,117</u>	<u>3,801,728</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 411,238</u>	<u>\$ 185</u>	<u>\$1,357,109</u>	<u>\$ 485,901</u>	<u>\$1,066,654</u>	<u>\$ 3,321,087</u>

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

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

	<u>Custodial Fund Balances July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Custodial Fund Balances June 30, 2023</u>
ASSETS				
Cash and Cash Equivalents	\$ 636,534	\$ 15,009,129	\$ 14,981,474	\$ 664,189
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	116,012	1,405,752	1,394,854	126,910
State - Collected by Other Offices	3,596	89,062	84,973	7,685
Schools	100,224	9,769,539	9,773,180	96,583
Educational Service Units	895	152,324	152,148	1,071
Technical College	5,479	920,789	919,821	6,447
Natural Resource Districts	2,913	1,139,768	1,138,886	3,795
Fire Districts	1,116	203,034	202,615	1,535
Municipalities	22,018	682,908	684,151	20,775
Agricultural Society	527	88,183	88,093	617
Townships	471	57,254	56,696	1,029
Others - Collected by County Treasurer	365,519	297,061	297,061	365,519
Others - Collected by Other Offices	17,764	203,455	188,996	32,223
TOTAL LIABILITIES	<u>636,534</u>	<u>15,009,129</u>	<u>14,981,474</u>	<u>664,189</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

HARLAN 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 Harlan County.

A. Reporting Entity

Harlan 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.

Component Unit. These financial statements present the County (the primary government). The Harlan County Health Systems (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

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 \$8,744 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.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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 and the Hospital. 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 County is reported separately from certain legally separate component units for which the primary government is financially accountable. 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.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

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

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

COVID American Rescue Plan Fund. This fund is used to account for aid received from the American Rescue Plan Act and is used for aid and assistance in accordance with Federal guidelines.

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.

Capital Project Funds. The Courthouse Improvement Sinking Fund accounts for all resources received and used for the acquisition or development of major capital improvements.

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

The County designates fund balances as follows:

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

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

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

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

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

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$903,937 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.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$3,321,087 for County funds and \$664,189 for Fiduciary funds. The bank balances for all funds totaled \$3,977,308. 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.

The levy set in October 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.230499/\$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 \$.235188/\$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.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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, 49 employees contributed \$76,135, and the County contributed \$112,970. Contributions included \$2,466 in cash contributions towards the supplemental law enforcement plan for five law enforcement employees. Lastly, the County paid \$500 directly to two retired employees for prior service benefits.

5. **Risk Management**

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

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

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

5. **Risk Management** (Concluded)

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

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

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfers to	Transfers from		Total
	General Fund	Nonmajor Funds	
Road Fund	\$ 617,500	\$ -	\$ 617,500
COVID American Rescue Plan Fund	-	87,570	87,570
Nonmajor Funds	464,599	-	464,599
Total	<u>\$ 1,082,099</u>	<u>\$ 87,570</u>	<u>\$ 1,169,669</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, 2023, the County made a one-time transfer of \$87,570 from the Courthouse Improvement Sinking Fund to the COVID American Rescue Plan Fund to reimburse for claims paid originally from the COVID American Rescue Plan Fund.

7. **Long-Term Obligations**

Bonds

The County issued bonds on June 10, 2021, in the amount of \$1,950,000 for the purpose of refinancing the Series 2016 bonds. The bond payable balance, as of June 30, 2023, was \$1,170,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments: Year	Principal	Interest	Total
2024	\$ 390,000	\$ 5,850	\$ 395,850
2025	390,000	4,290	394,290
2026	390,000	2,340	392,340
Total Payments	<u>\$ 1,170,000</u>	<u>\$ 12,480</u>	<u>\$ 1,182,480</u>

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,301,875	\$ 2,301,875	\$ 2,287,318	\$ (14,557)
Investment Income	10,000	10,000	21,844	11,844
Intergovernmental	145,250	145,250	110,636	(34,614)
Charges for Services	313,900	313,900	327,359	13,459
Miscellaneous	63,204	63,204	13,050	(50,154)
TOTAL RECEIPTS	<u>2,834,229</u>	<u>2,834,229</u>	<u>2,760,207</u>	<u>(74,022)</u>
DISBURSEMENTS				
General Government:				
County Board	152,550	152,550	142,292	10,258
County Clerk	158,751	158,751	139,091	19,660
County Treasurer	170,134	170,134	157,291	12,843
County Assessor	178,633	178,633	132,257	46,376
Election Commissioner	30,930	30,930	17,738	13,192
Building and Zoning	10,573	10,573	9,282	1,291
Clerk of the District Court	9,012	9,012	4,378	4,634
County Court System	17,760	17,760	6,549	11,211
Public Defender	48,000	48,000	48,000	-
Building and Grounds	230,333	230,333	100,861	129,472
Agricultural Extension Agent	99,726	99,726	53,388	46,338
Special Elections	1,850	1,850	-	1,850
Miscellaneous	824,891	810,891	453,415	357,476
Public Safety				
County Sheriff	688,218	688,218	448,210	240,008
County Attorney	157,536	157,536	145,099	12,437
County Jail	236,700	236,700	171,109	65,591
Emergency Management	103,820	103,820	87,049	16,771
Law Enforcement Mitigation	60,000	60,000	-	60,000
Child Support Enforcement	-	14,000	13,642	358
Homeland Security	50,000	50,000	-	50,000
Public Works				
County Surveyor	5,300	5,300	2,217	3,083
Public Assistance				
Veterans' Service Officer	22,488	22,488	17,805	4,683
TOTAL DISBURSEMENTS	<u>3,257,205</u>	<u>3,257,205</u>	<u>2,149,673</u>	<u>1,107,532</u>
EXCESS (DEFICIENCY) OF RECEIPTS				
OVER (UNDER) DISBURSEMENTS	<u>(422,976)</u>	<u>(422,976)</u>	<u>610,534</u>	<u>1,033,510</u>

(Continued)

HARLAN 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)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	-	(1,000,000)
Transfers out	(1,348,457)	(1,348,457)	(1,082,099)	266,358
TOTAL OTHER FINANCING SOURCES (USES)	(348,457)	(348,457)	(1,082,099)	(733,642)
Net Change in Fund Balance	(771,433)	(771,433)	(471,565)	299,868
FUND BALANCE - BEGINNING	882,803	882,803	882,803	-
FUND BALANCE - ENDING	\$ 111,370	\$ 111,370	\$ 411,238	\$ 299,868

(Concluded)

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,000,662	\$ 1,000,662	\$1,122,424	\$ 121,762
Charges for Services	6,000	6,000	7,465	1,465
Miscellaneous	6,176	6,176	8,686	2,510
TOTAL RECEIPTS	<u>1,012,838</u>	<u>1,012,838</u>	<u>1,138,575</u>	<u>125,737</u>
DISBURSEMENTS	<u>2,349,846</u>	<u>2,349,846</u>	<u>1,843,353</u>	<u>506,493</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,337,008)</u>	<u>(1,337,008)</u>	<u>(704,778)</u>	<u>632,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,299,545	1,299,545	617,500	(682,045)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,299,545</u>	<u>1,299,545</u>	<u>617,500</u>	<u>(682,045)</u>
Net Change in Fund Balance	(37,463)	(37,463)	(87,278)	(49,815)
FUND BALANCE - BEGINNING	87,463	87,463	87,463	-
FUND BALANCE - ENDING	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 185</u>	<u>\$ (49,815)</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 100,141	\$ 100,141	\$ 366,876	\$ 266,735
TOTAL RECEIPTS	<u>100,141</u>	<u>100,141</u>	<u>366,876</u>	<u>266,735</u>
DISBURSEMENTS	<u>77,050</u>	<u>77,050</u>	<u>1,157</u>	<u>75,893</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>23,091</u>	<u>23,091</u>	<u>365,719</u>	<u>342,628</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,000,000)	(1,000,000)	-	1,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Net Change in Fund Balance	(976,909)	(976,909)	365,719	1,342,628
FUND BALANCE - BEGINNING	991,390	991,390	991,390	-
FUND BALANCE - ENDING	<u>\$ 14,481</u>	<u>\$ 14,481</u>	<u>\$1,357,109</u>	<u>\$ 1,342,628</u>

(Continued)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COVID AMERICAN RESCUE PLAN FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 50,000	\$ 50,000
Miscellaneous	87,570	87,570	-	(87,570)
TOTAL RECEIPTS	<u>87,570</u>	<u>87,570</u>	<u>50,000</u>	<u>(37,570)</u>
DISBURSEMENTS	<u>656,525</u>	<u>656,525</u>	<u>220,624</u>	<u>435,901</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(568,955)</u>	<u>(568,955)</u>	<u>(170,624)</u>	<u>398,331</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	87,570	87,570
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>87,570</u>	<u>87,570</u>
Net Change in Fund Balance	(568,955)	(568,955)	(83,054)	485,901
FUND BALANCE - BEGINNING	<u>568,955</u>	<u>568,955</u>	<u>568,955</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,901</u>	<u>\$ 485,901</u>

(Concluded)

HARLAN 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)
<u>HIGHWAY STREET BUYBACK PROGRAM FUND</u>				
Receipts	\$ 93,233	\$ 93,233	\$ 104,533	\$ 11,300
Disbursements	(257,405)	(257,405)	(164,172)	93,233
Net Change in Fund Balance	(164,172)	(164,172)	(59,639)	104,533
Fund Balance - Beginning	164,172	164,172	164,172	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,533</u>	<u>\$ 104,533</u>
<u>HIGHWAY BRIDGE BUYBACK PROGRAM FUND</u>				
Receipts	\$ 80,721	\$ 80,721	\$ 78,872	\$ (1,849)
Disbursements	(166,131)	(166,131)	(85,410)	80,721
Net Change in Fund Balance	(85,410)	(85,410)	(6,538)	78,872
Fund Balance - Beginning	85,410	85,410	85,410	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,872</u>	<u>\$ 78,872</u>
<u>ROAD BRIDGE CONSTRUCTION FUND</u>				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(58,007)	(58,007)	(45,442)	12,565
Net Change in Fund Balance	(58,006)	(58,006)	(45,442)	12,564
Fund Balance - Beginning	58,006	58,006	58,006	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,564</u>	<u>\$ 12,564</u>
<u>SHERIFF EQUIPMENT SINKING FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(15,000)	(15,000)	-	15,000
Transfers in	-	-	57,223	57,223
Transfers out	-	-	-	-
Net Change in Fund Balance	(15,000)	(15,000)	57,223	72,223
Fund Balance - Beginning	15,000	15,000	15,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,223</u>	<u>\$ 72,223</u>
<u>COURTHOUSE IMPROVEMENT SINKING FUND</u>				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(350,000)	(350,000)	(127,365)	222,635
Transfers in	31,145	31,145	80,000	48,855
Transfers out	-	-	(87,570)	(87,570)
Net Change in Fund Balance	(318,854)	(318,854)	(134,935)	183,919
Fund Balance - Beginning	318,854	318,854	318,854	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,919</u>	<u>\$ 183,919</u>

(Continued)

HARLAN 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)
ROAD EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(275,000)	(275,000)	(255,100)	19,900
Transfers in	-	-	305,000	305,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(275,000)	(275,000)	49,900	324,900
Fund Balance - Beginning	275,000	275,000	275,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,900</u>	<u>\$ 324,900</u>
VISITORS PROMOTION FUND				
Receipts	\$ 16,001	\$ 16,001	\$ 25,503	\$ 9,502
Disbursements	(34,000)	(34,000)	(23,259)	10,741
Net Change in Fund Balance	(17,999)	(17,999)	2,244	20,243
Fund Balance - Beginning	24,137	24,137	24,137	-
Fund Balance - Ending	<u>\$ 6,138</u>	<u>\$ 6,138</u>	<u>\$ 26,381</u>	<u>\$ 20,243</u>
REAPPRAISAL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(25,191)	(25,191)	(1,504)	23,687
Transfers in	-	-	10,000	10,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(25,191)	(25,191)	8,496	33,687
Fund Balance - Beginning	30,191	30,191	30,191	-
Fund Balance - Ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 38,687</u>	<u>\$ 33,687</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 4,002	\$ 4,002	\$ 3,304	\$ (698)
Disbursements	(7,000)	(7,000)	-	7,000
Transfers in	1,905	1,905	-	(1,905)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,093)	(1,093)	3,304	4,397
Fund Balance - Beginning	1,093	1,093	1,093	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,397</u>	<u>\$ 4,397</u>
STOP DIVERSION PROGRAM FUND				
Receipts	\$ 101	\$ 101	\$ 80	\$ (21)
Disbursements	(2,500)	(2,500)	-	2,500
Net Change in Fund Balance	(2,399)	(2,399)	80	2,479
Fund Balance - Beginning	2,570	2,570	2,570	-
Fund Balance - Ending	<u>\$ 171</u>	<u>\$ 171</u>	<u>\$ 2,650</u>	<u>\$ 2,479</u>

(Continued)

HARLAN 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)
COUNTY DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(12,835)	(12,835)	(2,551)	10,284
Net Change in Fund Balance	(12,835)	(12,835)	(2,551)	10,284
Fund Balance - Beginning	12,835	12,835	12,835	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,284</u>	<u>\$ 10,284</u>
LOTTERY FUND				
Receipts	\$ 10,011	\$ 10,011	\$ 9,562	\$ (449)
Disbursements	(18,050)	(18,050)	(12,029)	6,021
Transfers in	4,630	4,630	-	(4,630)
Transfers out	-	-	-	-
Net Change in Fund Balance	(3,409)	(3,409)	(2,467)	942
Fund Balance - Beginning	3,409	3,409	3,409	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 942</u>	<u>\$ 942</u>
SHERIFF COMMISSARY FUND				
Receipts	\$ 250	\$ 250	\$ 64	\$ (186)
Disbursements	(1,200)	(1,200)	-	1,200
Net Change in Fund Balance	(950)	(950)	64	1,014
Fund Balance - Beginning	1,465	1,465	1,465	-
Fund Balance - Ending	<u>\$ 515</u>	<u>\$ 515</u>	<u>\$ 1,529</u>	<u>\$ 1,014</u>
911 EMERGENCY SERVICES FUND				
Receipts	\$ 7,996	\$ 7,996	\$ 6,157	\$ (1,839)
Disbursements	(14,100)	(14,100)	(6,425)	7,675
Transfers in	2,420	2,420	-	(2,420)
Transfers out	-	-	-	-
Net Change in Fund Balance	(3,684)	(3,684)	(268)	3,416
Fund Balance - Beginning	3,684	3,684	3,684	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,416</u>	<u>\$ 3,416</u>
HOSPITAL BOND FUND				
Receipts	\$ 322,819	\$ 322,819	\$ 307,864	\$ (14,955)
Disbursements	(480,110)	(480,110)	(397,080)	83,030
Net Change in Fund Balance	(157,291)	(157,291)	(89,216)	68,075
Fund Balance - Beginning	275,291	275,291	275,291	-
Fund Balance - Ending	<u>\$ 118,000</u>	<u>\$ 118,000</u>	<u>\$ 186,075</u>	<u>\$ 68,075</u>

(Continued)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS AID FUND				
Receipts	\$ -	\$ -	\$ 28	\$ 28
Disbursements	(8,812)	(8,812)	(1,200)	7,612
Transfers in	8,812	8,812	12,376	3,564
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	11,204	11,204
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,204</u>	<u>\$ 11,204</u>
OPIOID RECOVERY FUND				
Receipts	\$ -	\$ -	\$ 4,078	\$ 4,078
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	4,078	4,078
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,078</u>	<u>\$ 4,078</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Highway Street Buyback Program Fund	Highway Bridge Buyback Program Fund	Road Bridge Construction Fund	Sheriff Equipment Sinking Fund	Courthouse Improvement Sinking Fund	Road Equipment Sinking Fund
RECEIPTS						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Intergovernmental	104,533	78,872	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>104,533</u>	<u>78,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	164,172	85,410	45,442	-	-	255,100
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	127,365	-
TOTAL DISBURSEMENTS	<u>164,172</u>	<u>85,410</u>	<u>45,442</u>	<u>-</u>	<u>127,365</u>	<u>255,100</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(59,639)</u>	<u>(6,538)</u>	<u>(45,442)</u>	<u>-</u>	<u>(127,365)</u>	<u>(255,100)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	57,223	80,000	305,000
Transfers out	-	-	-	-	(87,570)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,223</u>	<u>(7,570)</u>	<u>305,000</u>
Net Change in Fund Balances	(59,639)	(6,538)	(45,442)	57,223	(134,935)	49,900
FUND BALANCES - BEGINNING	<u>164,172</u>	<u>85,410</u>	<u>58,006</u>	<u>15,000</u>	<u>318,854</u>	<u>275,000</u>
FUND BALANCES - ENDING	<u>\$ 104,533</u>	<u>\$ 78,872</u>	<u>\$ 12,564</u>	<u>\$ 72,223</u>	<u>\$ 183,919</u>	<u>\$ 324,900</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education and Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road and Bridge Maintenance	104,533	78,872	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road and Bridge Maintenance	-	-	12,564	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Buildings	-	-	-	-	183,919	-
Equipment Purchases	-	-	-	72,223	-	324,900
Property Reappraisal	-	-	-	-	-	-
Community Betterment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 104,533</u>	<u>\$ 78,872</u>	<u>\$ 12,564</u>	<u>\$ 72,223</u>	<u>\$ 183,919</u>	<u>\$ 324,900</u>

(Continued)

HARLAN 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	Reappraisal Fund	Preservation and Modernization Fund	Stop Diversion Program Fund	County Drug Law Enforcement and Education Fund	Lottery Fund
RECEIPTS						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	23,628	-	-	-	-	-
Investment Income	-	-	-	-	-	21
Intergovernmental	1,875	-	-	-	-	-
Charges for Services	-	-	3,304	80	-	-
Miscellaneous	-	-	-	-	-	9,541
TOTAL RECEIPTS	<u>25,503</u>	<u>-</u>	<u>3,304</u>	<u>80</u>	<u>-</u>	<u>9,562</u>
DISBURSEMENTS						
General Government	-	1,504	-	-	-	12,029
Public Safety	-	-	-	-	2,551	-
Public Works	-	-	-	-	-	-
Culture and Recreation	23,259	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>23,259</u>	<u>1,504</u>	<u>-</u>	<u>-</u>	<u>2,551</u>	<u>12,029</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>2,244</u>	<u>(1,504)</u>	<u>3,304</u>	<u>80</u>	<u>(2,551)</u>	<u>(2,467)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	10,000	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,244	8,496	3,304	80	(2,551)	(2,467)
FUND BALANCES - BEGINNING	<u>24,137</u>	<u>30,191</u>	<u>1,093</u>	<u>2,570</u>	<u>12,835</u>	<u>3,409</u>
FUND BALANCES - ENDING	<u>\$ 26,381</u>	<u>\$ 38,687</u>	<u>\$ 4,397</u>	<u>\$ 2,650</u>	<u>\$ 10,284</u>	<u>\$ 942</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	26,381	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education and Enforcement	-	-	-	-	10,284	-
Preservation of Records	-	-	4,397	-	-	-
Debt Service	-	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	2,650	-	-
Road and Bridge Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Equipment Purchases	-	-	-	-	-	-
Property Reappraisal	-	38,687	-	-	-	-
Community Betterment	-	-	-	-	-	942
TOTAL FUND BALANCES	<u>\$ 26,381</u>	<u>\$ 38,687</u>	<u>\$ 4,397</u>	<u>\$ 2,650</u>	<u>\$ 10,284</u>	<u>\$ 942</u>

(Continued)

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

	Sheriff Commissary Fund	911 Emergency Services Fund	Hospital Bond Fund	Veterans Aid Fund	Opioid Recovery Fund	Total Nonmajor Funds
RECEIPTS						
Taxes:						
Property	\$ -	\$ -	\$ 295,560	\$ -	\$ -	\$ 295,560
Other	-	6,157	2,230	-	-	32,015
Investment Income	-	-	2,559	28	-	2,608
Intergovernmental	-	-	495	-	4,078	189,853
Charges for Services	64	-	-	-	-	3,448
Miscellaneous	-	-	7,020	-	-	16,561
TOTAL RECEIPTS	64	6,157	307,864	28	4,078	540,045
DISBURSEMENTS						
General Government	-	-	-	-	-	13,533
Public Safety	-	6,425	-	-	-	8,976
Public Works	-	-	-	-	-	550,124
Culture and Recreation	-	-	-	1,200	-	24,459
Debt Service:						
Principal Payments	-	-	390,020	-	-	390,020
Interest and Fiscal Charges	-	-	7,060	-	-	7,060
Capital Outlay	-	-	-	-	-	127,365
TOTAL DISBURSEMENTS	-	6,425	397,080	1,200	-	1,121,537
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	64	(268)	(89,216)	(1,172)	4,078	(581,492)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	12,376	-	464,599
Transfers out	-	-	-	-	-	(87,570)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	12,376	-	377,029
Net Change in Fund Balances	64	(268)	(89,216)	11,204	4,078	(204,463)
FUND BALANCES - BEGINNING	1,465	3,684	275,291	-	-	1,271,117
FUND BALANCES - ENDING	\$ 1,529	\$ 3,416	\$ 186,075	\$ 11,204	\$ 4,078	\$ 1,066,654
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	26,381
911 Emergency Services	-	3,416	-	-	-	3,416
Drug Education and Enforcement	-	-	-	-	4,078	14,362
Preservation of Records	-	-	-	-	-	4,397
Debt Service	-	-	186,075	-	-	186,075
Road and Bridge Maintenance	-	-	-	-	-	183,405
Committed to:						
Law Enforcement	1,529	-	-	-	-	4,179
Road and Bridge Maintenance	-	-	-	-	-	12,564
Aid and Assistance	-	-	-	11,204	-	11,204
County Buildings	-	-	-	-	-	183,919
Equipment Purchases	-	-	-	-	-	397,123
Property Reappraisal	-	-	-	-	-	38,687
Community Betterment	-	-	-	-	-	942
TOTAL FUND BALANCES	\$ 1,529	\$ 3,416	\$ 186,075	\$ 11,204	\$ 4,078	\$ 1,066,654

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCES JULY 1, 2022	\$ 5,420	\$ 18,832	\$ 1,550	\$ 250	\$ -	\$ -	\$ 26,052
RECEIPTS							
Charges for Services	48,011	4,508	14,539	-	6,030	-	73,088
Miscellaneous	27	-	362	3	8,685	1,000	10,077
State Fees	85,842	3,220	-	-	-	-	89,062
Other Liabilities	-	133,024	70,331	100	-	-	203,455
TOTAL RECEIPTS	133,880	140,752	85,232	103	14,715	1,000	375,682
DISBURSEMENTS							
Payments to County Treasurer	46,332	4,587	13,536	-	14,715	-	79,170
Payments to State Treasurer	81,173	3,800	-	-	-	-	84,973
Petty Cash & Other Payments	27	-	-	3	-	-	30
Other Liabilities	-	118,595	70,401	-	-	-	188,996
TOTAL DISBURSEMENTS	127,532	126,982	83,937	3	14,715	-	353,169
BALANCES JUNE 30, 2023	<u>\$ 11,768</u>	<u>\$ 32,602</u>	<u>\$ 2,845</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 48,565</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,389	\$ 133	\$ 2,835	\$ -	\$ -	\$ 1,000	\$ 8,357
Petty Cash	50	-	-	250	-	-	300
Due to State Treasurer	7,329	356	-	-	-	-	7,685
Due to Others	-	32,113	10	100	-	-	32,223
BALANCES JUNE 30, 2023	<u>\$ 11,768</u>	<u>\$ 32,602</u>	<u>\$ 2,845</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 48,565</u>

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

Item	2018	2019	2020	2021	2022
Tax Certified by Assessor					
Real Estate	\$ 11,540,689	\$ 11,642,791	\$ 11,442,657	\$ 11,764,119	\$ 12,123,681
Personal and Specials	551,154	595,819	584,665	680,957	709,099
Total	<u>12,091,843</u>	<u>12,238,610</u>	<u>12,027,322</u>	<u>12,445,076</u>	<u>12,832,780</u>
Corrections					
Additions	195	2,532	11,459	1,989	-
Deductions	(3,443)	(11,862)	(6,620)	(14,331)	(2,055)
Net Additions/ (Deductions)	<u>(3,248)</u>	<u>(9,330)</u>	<u>4,839</u>	<u>(12,342)</u>	<u>(2,055)</u>
Corrected Certified Tax	<u>12,088,595</u>	<u>12,229,280</u>	<u>12,032,161</u>	<u>12,432,734</u>	<u>12,830,725</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2019	7,995,726	-	-	-	-
June 30, 2020	4,072,181	8,008,351	-	-	-
June 30, 2021	14,139	4,200,814	8,250,046	-	-
June 30, 2022	3,522	13,635	3,762,978	8,770,134	-
June 30, 2023	1,924	3,600	10,913	3,643,778	9,046,219
Total Net Collections	<u>12,087,492</u>	<u>12,226,400</u>	<u>12,023,937</u>	<u>12,413,912</u>	<u>9,046,219</u>
Total Uncollected Tax	<u>\$ 1,103</u>	<u>\$ 2,880</u>	<u>\$ 8,224</u>	<u>\$ 18,822</u>	<u>\$ 3,784,506</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.02%</u>	<u>0.07%</u>	<u>0.15%</u>	<u>29.50%</u>

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



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HARLAN 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
Harlan 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 Harlan 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 2, 2024. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Harlan County Hospital, a component unit of Harlan County.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

County Response: With a limited number of personnel and without incurring additional costs, the County offices and Board of Supervisors will review and discuss possible plans of organization, procedures, and records to improve the segregation of duties, when possible.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harlan 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 Harlan County in a separate letter dated April 2, 2024.

Harlan County's Response to Findings

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

Purpose of this Report

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

April 2, 2024



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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 2, 2024

Board of Supervisors
Harlan County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Harlan County (County) for the fiscal year ended June 30, 2023, and have issued our report thereon dated April 2, 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 BOARD

Lack of Documentation

During the audit, we noted that the County lacked adequate documentation to support the claims shown in the table below:

Vendor	Description	Amount	Issue
Harlan County Senior Center	ARPA Grant	\$ 21,600	County did not follow up on use of funds
Phelps/Harlan County CASA	Grant	12,000	County did not follow up on use of funds
Employee	Mileage	250	Lack of travel log to support mileage
Vyve Broadband	Internet Service	102	Underpaid as incorrect invoice was used
Phillips 66 - Short Stop	Fuel	69	No receipt or invoice on file
Phillips 66 - Short Stop	Fuel	63	No receipt or invoice on file
Phillips 66 - Short Stop	Fuel	57	No receipt or invoice on file
AGRI Service	Fuel	49	No receipt or invoice on file
Phillips 66 - Short Stop	Fuel	41	No receipt or invoice on file
Beaver Bar & Grill	Lunch	19	No itemized receipt on file
Buffet House Chinese Food	Lunch	17	No itemized receipt on file
Valentinos	Lunch	17	No itemized receipt on file
ALMA Car Wash	Car Wash	9	No receipt or invoice on file
ALMA Car Wash	Car Wash	8	No receipt or invoice on file
Neb. Law Enforc. Training	Vending Machine	8	No receipt or invoice on file
Neb. Law Enforc. Training	Vending Machine	6	No receipt or invoice on file
Neb. Law Enforc. Training	Vending Machine	2	No receipt or invoice on file
Total		\$ 34,317	

Furthermore, during testing of the County's payroll, the County could not provide documentation to support that the pay rates of two employees tested were approved by their supervisors or that payroll deductions for Health Insurance, Dental Insurance, and Vision Insurance were correctly calculated for these two employees.

In addition to the other issues noted, approximately a dozen of the purchases reflected in the above table were made with the County's credit cards; however, as shown in the table, no itemized receipt could be provided to support many of those expenditures. This deficiency is particularly problematic in light of Neb. Rev. Stat. § 13-610(4) (Reissue 2022), which requires such supporting documentation for all purchases made with a political subdivision's purchasing card, as follows:

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

(Emphasis added.) A good internal control plan and sound business practices requires procedures to ensure: 1) any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately; 2) reimbursement payments for employee mileage are supported by travel log entries; 3) all expenditures are supported by appropriate documentation, including itemized receipts for purchases made with the County's credit cards; 4) monthly service payments are not made until the underlying documentation is received by the County; and 5) adequate documentation is maintained to support employee pay rates and deductions from payroll.

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

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

We recommend the County Board implement procedures to ensure: 1) any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately; 2) reimbursement payments for employee mileage are supported by travel log entries; 3) all expenditures are supported by appropriate documentation, including itemized receipts for purchases made with the County's credit cards; 4) monthly service payments are not made until the underlying documentation is received by the County; and 5) adequate documentation is maintained to support employee pay rates and deductions from payroll.

County Clerk Response: The County will discuss an internal control plan and procedure to ensure that grants of public funds are supported by adequate documentation supporting how the monies were spent. 2) Mileage claims are now required to include a map and travel log. 3) a procedure is now in place to gather all supporting documentation & receipts for all expenditures / claims for purchases made with and without the County's credit cards. 4) a procedure is now in place whereas all monthly service payments must have adequate underlying documentation with the claim. 5) The County has implemented a document that must be completed and signed by the appropriate official, supervisor, or authorized person if, in their office, an employee has a pay rate change. There are also documents now to support payroll deductions.

Credit Card Procedures

Multiple purchases, totaling at least \$61,000, were made with County's credit cards during fiscal year 2023. During testing, we noted the following issues with the County's procedures over credit cards:

- For two of the credit card payments tested, we noted that multiple charges, totaling \$397, were included on both claims and were paid twice. Charges paid twice are detailed in the table below:

Claim #	Vendor	Claim Date	Invoice Date	Amount
22110015	Phillips 66 - Short Stop	11/1/2022	10/28/2022	\$ 57
22110015	Phillips 66 - Short Stop	11/1/2022	10/27/2022	48
22110015	Phillips 66 - Short Stop	11/1/2022	10/27/2022	67
22110015	Blue to Gold LLC	11/1/2022	10/27/2022	225
Total				\$ 397
22120010	Phillips 66 - Short Stop	12/6/2022	10/28/2022	57
22120010	Phillips 66 - Short Stop	12/6/2022	10/27/2022	48
22120010	Phillips 66 - Short Stop	12/6/2022	10/27/2022	67
22120010	Blue to Gold LLC	12/6/2022	10/27/2022	225
Total				\$ 397

The County was unable to provide documentation to show if a credit or refund was received for any of the duplicate payments shown above.

- The credit card statement associated with claim #23040047 showed that the County received a credit of \$116 for taxes refunded from a hotel stay; however, this credit was not accounted for in the claim total, resulting in an overpayment of \$116. The County was unable to provide documentation to show if a credit or refund was received for this overpayment at a later date.
- The credit card statement associated with claim #22110015 showed a charge of \$102 from Blinds.com on October 26, 2022. This amount was not included in the claim amount, and the County was unable to provide documentation to show if this charge was paid on a subsequent claim.
- Additionally, the APA noted one instance of the County paying more than the amount shown due on the credit card statement, as shown below:

Claim #	Amount Due	Amount Paid	Overpayment
22110015	\$ 3,062	\$ 3,082	\$ 20

Neb. Rev. Stat. § 13-610(4) (Reissue 2022) states the following:

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

(Emphasis added.) Good internal controls require procedures to ensure the following: 1) credit card charges are paid only once and, if a duplicate payment is discovered, a credit or refund is obtained in a timely manner; 2) credits and refunds are accounted for in the claim total; 3) claim amounts reflect all properly supported expenditures, including charges made with the County’s credit card; and 4) correct amounts are paid to avoid credit card statement overpayments.

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

We recommend the County implement procedures to ensure the following: 1) credit card charges are paid only once and, if a duplicate payment is discovered, a credit or refund is obtained in a timely manner; 2) credits and refunds are accounted for in the claim total; 3) claim amounts reflect all properly supported expenditures, including charges made with the County’s credit card; and 4) correct amounts are paid to avoid credit card statement overpayments.

County Clerk Response: The County will continue to work on procedures to catch duplicate payments and follow up on any associated refund or credit in a timely manner and document it accordingly. A procedure is now in place in which claims are required to have supporting documentation and credit card statements are reviewed to make sure expenditures, refunds or credits match the claim or claims.

Salaries of Elected Officials

During testing, we noted that the County’s elected officials did not receive the correct salary increase for calendar year 2022. Harlan County Board Resolution #1-2018 stated that the salary for elected officials of the County “shall increase each year of the elected term by the Social Security Cost of Living Adjustment, not to be less than 1% or greater than 5%.” For 2022, the Social Security Cost of Living Adjustment (COLA) was 5.9%. Based on Resolution #1-2018, the County should have increased salaries by 5.0%; however, the County only increased salaries by 2.0%. This is due to the County incorrectly using the COLA for 2021. This resulted in each elected official being underpaid in calendar year 2022.

In addition to using the incorrect COLA, the APA noted that the County Attorney was paid an additional \$126 in excess of the salary set by resolution during calendar year 2022. The County was unable to provide documentation to support this additional pay.

Neb. Rev. Stat. § 23-1114(1) (Reissue 2022) states the following:

The salaries of all elected officers of the county shall be fixed by the county board prior to January 15 of the year in which a general election will be held for the respective offices.

Harlan County Board Resolution #1-2018 states the following, in relevant part:

[W]ith prior Board approval, Elected Officials are also entitled to and may be compensated for duties, labors, and responsibilities performed for the County that would clearly exist outside of their respective offices. . . .

Additionally, good internal controls and sound accounting practices require procedures to ensure that sufficient records are maintained to support all payroll transactions, and a review of salaries is performed to ensure that elected officials are paid the correct amount, as set by the County Board.

Without such procedures, there is an increased risk of the County paying incorrect payroll amounts to its employees.

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

We recommend the County Board implement procedures to ensure sufficient records are maintained to support all payroll transactions, and a review of salaries is performed to ensure that elected officials are paid the correct amount, as set by the County Board.

County Clerk Response: The County Board will review, discuss and implement a procedure to ensure that sufficient records are maintained, and a review of salaries is performed so that the correct amount(s) are paid as set by the Board.

Lack of Bidding Documentation

During testing, we noted that the County was unable to provide documentation to show that proper bidding procedures were followed for two claims, as detailed below:

Claim #	Vendor/Payee	Date Approved	Amount	Description
23010096	NMC Exchange LLC	1/3/2023	\$ 255,100	Purchase of Motor grader
23010100	Motorola Solutions	1/3/2023	51,368	Purchase of Sheriff’s Radios

Per discussion with County officials, the purchase from NMC Exchange LLC, was made through a cooperative purchasing agreement; however, the County was unable to provide a copy of the contract that was approved by this cooperative purchasing agreement. The purchase from Motorola Solutions was made through a contract approved by the State of Nebraska; however, the amounts on the invoice could not be traced to the contract, as the copy of the agreement on file at the County lacked pricing information.

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

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

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

* * * *

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

Neb. Rev. Stat. § 23-3109(1) (Reissue 2022) states the following:

Competitive bidding shall not be required (a) when purchasing unique or noncompetitive items, (b) when purchasing petroleum products, (c) when obtaining professional services or equipment maintenance, or (d) when the price has been established by one of the following: (i) The federal General Services Administration; (ii) the materiel division of the Department of Administrative Services; or (iii) a cooperative purchasing agreement by which supplies, equipment, or services are procured in accordance with a contract established by another governmental entity or group of governmental entities if the contract was established in accordance with the laws and regulations applicable to the establishing governmental entity or, if a group, the lead governmental entity.

(Emphasis added.) Good internal controls and sound business practices require procedures to ensure that the County maintains adequate documentation to support compliance with statutory bidding requirements, and claims paid agree to the prices specified in the agreements.

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

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

We recommend the County implement procedures to ensure adequate documentation is on file to support compliance with statutory bidding requirements, and claims paid agree to the prices specified in the agreements.

County Clerk Response: The County will implement procedures to gather adequate supporting documentation to be in compliance with statutory bidding requirements and to ensure that claim amounts/prices agree with specific agreements.

COUNTY CLERK

Reconciliation Procedures

During our review of the County Board's imprest bank account, we noted that a complete and accurate reconciliation of the account was not completed for June 30, 2023. That lack of reconciliation resulted in an unknown variance of \$1,506 between the reconciled bank balance and the book balance. This increased from the \$855 variance noted in the prior year.

Based on a discussion with the County Clerk, \$613 of the variance consists of outstanding checks that were due to the State Treasurer as abandoned property but had not been remitted; however, the cause of the remaining \$893 balance remains unknown.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) states the following:

Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.

Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2022) states, in relevant part, the following:

(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.

* * * *

(d) The report shall be filed before November 1 of each year as of June 30 next preceding, but the report of life insurance corporations shall be filed before May 1 of each year as of December 31 next preceding. A one-time supplemental report shall be filed by life insurance corporations with regard to property subject to section 69-1307.05 before November 1, 2003, as of December 31, 2002, as if section 69-1307.05 had been in effect before January 1, 2003. The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report. Any person holding intangible property presumed abandoned due to be reported with a cumulative value of fifty dollars or less in a single reporting year shall not be required to report the property in that year but shall report the property in any year when the property value or total report value exceeds fifty dollars.

Sound accounting practices and good internal controls require procedures to ensure that office records are accurate and reconcile with bank activity on, at least, a monthly basis. Reconciliation procedures should include the timely identification and resolution of all variances noted. Additionally, those same procedures should ensure that property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer, as required by statute.

Without such procedures, there is an increased risk of: 1) the County being susceptible to intentional and/or unintentional errors or omissions, increasing the risk of loss, theft, or misuse of public funds; and 2) property presumed abandoned, including outstanding checks, not being remitted timely to the State Treasurer, violating statutory requirements.

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

We recommend the County implement procedures to ensure office records are accurate and reconcile with bank activity and balances on, at least, a monthly basis. Reconciliation procedures should include the timely identification and resolution of all variances noted. Additionally, those same procedures should ensure that property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer, as required by statute.

County Clerk Response: The County Clerk will continue to work on procedures to ensure that accurate records and reconciliations are done on a regular basis and resolutions of any variance be handled appropriately and in a timely manner.

COUNTY SHERIFF

Accounting Procedures

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

- A monthly asset-to-liability reconciliation was not performed for the County Sheriff’s bank account, resulting in a cash long of \$243. The table below summarizes the cash long as of June 30, 2023:

Assets - As of June 30, 2023	
Reconciled Bank Balance	\$1,217
Cash on Hand	10
Receivables	55
Total Assets	\$1,282
Liabilities - As of June 30, 2023	
Unremitted County Fees	\$1,029
Due to Others	10
Total Liabilities	\$1,039
Cash Long	\$ 243

- In August 2022, the Sheriff’s office collected \$294 in civil service fees and mileage; however, only \$276 of that amount was remitted to the County Treasurer. This \$18 variance is included in the “Unremitted County Fees” noted in the table above.
- It was noted in the prior year’s audit that the Sheriff’s bank account was charged \$55 in bank fees. No claims have been submitted to the County Board for reimbursement of these fees as of February 2024.
- The bank reconciliation provided by the Sheriff’s office as of June 30, 2023, did not contain an accurate book balance and did not list all outstanding checks. One check, totaling \$2, was noted as outstanding on the reconciliation provided as of June 30, 2021. This check did not clear the bank and was not voided during fiscal year 2022 or fiscal year 2023; however, it was not included on the bank reconciliation as of June 30, 2023. This same check was noted in the prior year’s audit, and this issue has not been corrected.
- As of June 30, 2023, the Sheriff had civil service fees and mileage accounts receivable of \$1,526. This amount was not remitted to the County Treasurer when the fees were earned.

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) provides, in part, the following:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed

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

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

Additionally, good internal controls and sound business practices require procedures to ensure the following: 1) office assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, and accounts payable), and any variances noted are resolved timely; 2) fees collected are remitted correctly to the County Treasurer; 3) claims for reimbursement are submitted timely for all fees incurred by the Sheriff; 4) the book balance and bank reconciliation performed by the Sheriff correctly include all outstanding checks; and 5) civil service fees are remitted to the County Treasurer when earned, not when payment is received.

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

A similar finding was included in past reports.

We recommend the County Sheriff implement procedures to ensure the following: 1) office assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, and accounts payable), and any variances noted are resolved timely; 2) fees collected are remitted correctly to the County Treasurer; 3) claims for reimbursement are submitted timely for all fees incurred by the Sheriff; 4) the book balance and bank reconciliation performed by the Sheriff correctly include all outstanding checks; and 5) civil service fees are remitted to the County Treasurer when earned, not when payment is received.

Petty Cash

The County Sheriff was authorized to maintain a \$1,000 petty cash fund. Based on a discussion with office staff, however, that money was never received from the County. Nevertheless, the 2023-2024 budget message listed the County Sheriff as having a \$1,000 petty cash fund.

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

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

Good internal controls require procedures to ensure that petty cash funds are maintained, reconciled to, and reported at the amounts authorized by the County Board.

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

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

We recommend the County Sheriff implement procedures to ensure petty cash funds are maintained at the authorized amount or work with the County Board to adjust the authorized amount with the County Board. Further, the County Sheriff should work with the County Board to ensure the budget message is accurate.

CLERK OF THE DISTRICT COURT

Balance Held Not Remitted

During our audit, we noted the District Court was holding the following balances:

- A balance of \$463 held by the District Court should have been remitted to the correct party. This balance consisted of excess proceeds from the sale of real property by foreclosure in June 2020. As such, these funds should be remitted to the defendant, or other persons entitled to such funds.
- For one case tested, \$100 was being held by the District Court as of audit fieldwork in February 2024; however, a motion to dismiss all property taxes, court costs, and fees was filed on October 5, 2022.

Neb. Rev. Stat. § 25-2146 (Reissue 2016) states the following:

The proceeds of every sale made under a decree in equity shall be applied to the discharge of the debt adjudged by such court to be due, and of the costs awarded, and if there be any surplus, it shall be brought into court for the use of the defendant, or of the persons entitled thereto, subject to the order of the court.

Neb. Rev. Stat. § 77-1915 (Reissue 2018) states the following:

From the proceeds of the sale of any real property, the costs charged thereto shall first be paid. When the plaintiff is a private person, firm, or corporation, the balance thereof, or so much thereof as is necessary, shall be paid to the plaintiff. When the plaintiff is a governmental subdivision other than a land bank, or is a municipal corporation or drainage or irrigation district, the balance thereof, or so much thereof as is necessary, shall be paid to the county treasurer for distribution to the various governmental subdivisions, municipal corporations, or drainage or irrigation districts entitled thereto in discharge of all claims, excluding any lien on real estate for special assessments levied by any sanitary and improvement district which special assessments have not been previously offered for sale by the county treasurer. When the plaintiff is a land bank, the balance thereof, or so much thereof as is necessary, shall be paid to the land bank.

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

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

Furthermore, good internal controls and sound accounting practices require procedures to ensure that excess proceeds from the sale of property, as well as other balances owed, are remitted to the proper parties in a timely manner.

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

A similar finding was included in the prior audit.

We recommend the District Court implement procedures to ensure excess proceeds from the sale of property, as well as other balances owed, are remitted to the proper parties in a timely manner.

County Clerk of the District Court Response: The Clerk of the District Court will review and implement procedures to ensure that excess proceeds from the sale of property as well as other balances owed are remitted and distributed to proper parties or entities in a timely manner.

Unclaimed Property

During our audit, we noted that the District Court had voided one check, totaling \$500, in April 2022. This check was originally written by the District Court on March 7, 2019, but was voided in April 2022, as it had not been cashed. Having been issued more than three years ago, the uncashed check should have been presumed abandoned and remitted to the State Treasurer in November 2022. As of February 2024, the District Court was still in possession of this money.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) provides the following:

Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.

Neb. Rev. Stat. § 69-1310 (Cum. Supp. 2022) states, in relevant part, the following:

(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.

* * * *

(d) The report shall be filed before November 1 of each year as of June 30 next preceding. . . . The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report. . . .

Furthermore, good internal controls require procedures to ensure that property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer.

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

A similar finding was included in the prior audit.

We recommend the District Court implement procedures to ensure property presumed abandoned, including outstanding checks, is remitted timely to the State Treasurer.

County Clerk of the District Court Response: The Clerk of the District Court will implement a procedure to ensure property that has been presumed abandoned including outstanding checks are remitted to the State Treasurer in a timely manner according to state statutes.

COUNTY OVERALL

Segregation of Duties

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

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

This was also noted in prior audits.

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

County Response: With a limited number of personnel and without incurring additional costs, the County offices and Board of Supervisors will review and discuss possible plans of organization, procedures, and records to improve the segregation of duties, when possible.

* * * * *

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

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

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

Sincerely,

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

Dakota Christensen, CPA, CISA, CFE
Audit Manager