

**AUDIT REPORT
OF
NUCKOLLS COUNTY**

JULY 1, 2023, THROUGH JUNE 30, 2024

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on January 23, 2025

The Nebraska Auditor of Public Accounts Office was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Mike Foley was elected in November 2006 and re-elected in November 2010 and November 2022 as the Nebraska Auditor of Public Accounts. He was sworn into office on January 5, 2023, and is Nebraska's 24th State Auditor.

The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.

We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.

We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.

Audit Staff Working On This Report

Dakota Christensen, CPA, CISA, CFE – Audit Manager

Kyle Hanna – Auditor II

Haylee Miller – Auditor II

Our reports can be found electronically at: auditors.nebraska.gov

Additionally, you may request them by contacting us at:

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NUCKOLLS COUNTY

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NUCKOLLS COUNTY
150 S. Main
Nelson, NE 68961

LIST OF COUNTY OFFICIALS
At June 30, 2024

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	David Mussmann	Jan. 2025
	Jerry Grove	Jan. 2027
	Timothy Zikmund	Jan. 2027
Assessor	Susan Rogers	Jan. 2027
Attorney	John Hodge	Jan. 2027
Clerk Election Commissioner Register of Deeds	Carrie Miller	Jan. 2027
Clerk of the District Court	Lana Svoboda	Jan. 2027
Sheriff	Brad Baker	Jan. 2027
Treasurer	Tami Sharp	Jan. 2027
Surveyor	Josh Grummet	Appointed
Veterans' Service Officer	Bob Kotinek	Appointed
Weed Superintendent Emergency Manager	Nick Elledge	Appointed
Highway Superintendent	Jeff Wagner	Appointed



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State Auditor

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NUCKOLLS COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Nuckolls County, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nuckolls County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nuckolls County as of June 30, 2024, and the respective changes in cash-basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

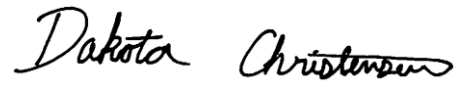
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-29, 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 January 21, 2025, on our consideration of Nuckolls County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over

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

A handwritten signature in black ink that reads "Dakota Christensen". The signature is written in a cursive style with a prominent loop at the end of the last name.

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

January 21, 2025

NUCKOLLS COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2024

		<u>Governmental Activities</u>
ASSETS		
Cash and Cash Equivalents (Note 1.D)	\$	3,240,452
Investments (Note 1.D)		5,897,994
TOTAL ASSETS		<u><u>\$ 9,138,446</u></u>
NET POSITION		
Restricted for:		
Visitor Promotion	\$	1,148
911 Emergency Services		248,888
Preservation of Records		9,975
Road and Bridge Maintenance		1,460,446
Federal Relief		274,789
Unrestricted		<u>7,143,200</u>
TOTAL NET POSITION		<u><u>\$ 9,138,446</u></u>

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

NUCKOLLS COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2024

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	\$ (2,116,577)	\$ 219,183	\$ 47,144	\$ (1,850,250)
Public Safety	(1,207,037)	43,601	24,545	(1,138,891)
Public Works	(2,690,147)	1,739	1,822,013	(866,395)
Public Assistance	(31,133)	-	-	(31,133)
Culture and Recreation	(9,832)	-	-	(9,832)
Total Governmental Activities	\$ (6,054,726)	\$ 264,523	\$ 1,893,702	(3,896,501)

General Receipts:

Taxes:	
Property	3,243,572
Motor Vehicle	245,326
Inheritance	531,839
Other	87,785
Grants and Contributions Not Restricted to Specific Programs	
Investment Income	69,076
Miscellaneous	398,210
Total General Receipts	<u>56,577</u>
	<u>4,632,385</u>
Change in Net Position	735,884
Net Position - Beginning of year	8,402,562
Net Position - End of year	<u>\$ 9,138,446</u>

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

NUCKOLLS COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2024

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Highway Bridge Buyback Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 514,917	\$ 679,829	\$ 1,119,743	\$ 517,868	\$ 408,095	\$ 3,240,452
Investments (Note 1.D)	937,209	1,237,366	2,038,061	942,578	742,780	5,897,994
TOTAL ASSETS	<u><u>\$ 1,452,126</u></u>	<u><u>\$ 1,917,195</u></u>	<u><u>\$ 3,157,804</u></u>	<u><u>\$ 1,460,446</u></u>	<u><u>\$ 1,150,875</u></u>	<u><u>\$ 9,138,446</u></u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	1,148	1,148
911 Emergency Services	-	-	-	-	248,888	248,888
Preservation of Records	-	-	-	-	9,975	9,975
Road and Bridge Maintenance	-	-	-	1,460,446	-	1,460,446
Federal Relief	-	-	-	-	274,789	274,789
Committed to:						
Law Enforcement	-	-	-	-	4,644	4,644
Road Maintenance	-	1,917,195	-	-	-	1,917,195
Public Safety	-	-	-	-	57,033	57,033
Health and Dental Insurance Claims	-	-	-	-	517,399	517,399
Noxious Weed Control	-	-	-	-	36,999	36,999
Assigned to:						
Other Purposes	-	-	3,157,804	-	-	3,157,804
Unassigned	1,452,126	-	-	-	-	1,452,126
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 1,452,126</u></u>	<u><u>\$ 1,917,195</u></u>	<u><u>\$ 3,157,804</u></u>	<u><u>\$ 1,460,446</u></u>	<u><u>\$ 1,150,875</u></u>	<u><u>\$ 9,138,446</u></u>

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

NUCKOLLS COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Road Fund	Inheritance Fund	Highway Bridge Buyback Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes:						
Property	\$ 3,216,422	\$ -	\$ -	\$ -	\$ 27,150	\$ 3,243,572
Motor Vehicle	245,326	-	-	-	-	245,326
Inheritance	-	-	531,839	-	-	531,839
Other	25,475	-	-	-	62,310	87,785
Investment Income	125,580	-	211,957	-	60,673	398,210
Intergovernmental	54,902	1,507,461	-	314,552	85,863	1,962,778
Charges for Services	255,674	1,739	-	-	7,110	264,523
Miscellaneous	12,028	38,963	-	-	5,586	56,577
TOTAL RECEIPTS	<u>3,935,407</u>	<u>1,548,163</u>	<u>743,796</u>	<u>314,552</u>	<u>248,692</u>	<u>6,790,610</u>
DISBURSEMENTS						
General Government	1,674,378	-	50,219	-	391,980	2,116,577
Public Safety	1,064,427	-	-	-	142,610	1,207,037
Public Works	-	2,669,629	-	-	20,518	2,690,147
Public Assistance	31,133	-	-	-	-	31,133
Culture and Recreation	-	-	-	-	9,832	9,832
TOTAL DISBURSEMENTS	<u>2,769,938</u>	<u>2,669,629</u>	<u>50,219</u>	<u>-</u>	<u>564,940</u>	<u>6,054,726</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,165,469</u>	<u>(1,121,466)</u>	<u>693,577</u>	<u>314,552</u>	<u>(316,248)</u>	<u>735,884</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	651,051	1,521,105	-	-	88,031	2,260,187
Transfers out	(1,571,643)	(16,640)	(570,000)	-	(101,904)	(2,260,187)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(920,592)</u>	<u>1,504,465</u>	<u>(570,000)</u>	<u>-</u>	<u>(13,873)</u>	<u>-</u>
Net Change in Fund Balances	244,877	382,999	123,577	314,552	(330,121)	735,884
CASH BASIS FUND BALANCES - BEGINNING						
	<u>1,207,249</u>	<u>1,534,196</u>	<u>3,034,227</u>	<u>1,145,894</u>	<u>1,480,996</u>	<u>8,402,562</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 1,452,126</u>	<u>\$ 1,917,195</u>	<u>\$ 3,157,804</u>	<u>\$ 1,460,446</u>	<u>\$ 1,150,875</u>	<u>\$ 9,138,446</u>

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

NUCKOLLS COUNTY
STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
 June 30, 2024

		Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$	262,813
NET POSITION		
Restricted for:		
State - Collected by County Treasurer		100,971
State - Collected by Other Offices		8,754
Schools		83,957
Educational Service Units		942
Technical College		5,360
Natural Resource Districts		1,302
Fire Districts		922
Municipalities		27,047
Agricultural Society		386
Cemetery District		34
Airport Authority		197
Others - Collected by County Treasurer		144
Others - Collected by Other Offices		32,797
TOTAL NET POSITION	\$	262,813

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

NUCKOLLS COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
For the Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Collections for Other Governments	\$ 14,945,958
Miscellaneous Collections	209,415
TOTAL ADDITIONS	15,155,373
DEDUCTIONS	
Payments to Other Governments	15,106,562
Other Miscellaneous Items Paid To Individuals	190,607
TOTAL DEDUCTIONS	15,297,169
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(141,796)
NET POSITION - BEGINNING OF YEAR	404,609
NET POSITION - END OF YEAR	\$ 262,813

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Nuckolls County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$10,667 toward the operation of the Region during fiscal year 2024. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2024. 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) (Reissue 2024). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County reports the following major governmental funds:

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

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

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

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

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

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

NUCKOLLS 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, Cum. Supp. 2024) and generally include U.S. Government obligations and securities, which are authorized by the Nebraska Investment Council.

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,995,246 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.

NUCKOLLS 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 \$3,240,452 for County funds and \$262,813 for Fiduciary funds. The bank balances for all funds totaled \$3,501,058. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2024, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$1,745,769 in U.S. Government Securities and of \$4,152,225 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name. The U.S. Government Securities were held by the County or its agent in the name of the County.

3. **Taxes**

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

The levy set in October 2023, for the 2023 taxes, which will be materially collected in May and September 2024, was set at \$.264598/\$100 of assessed valuation. The levy set in October 2022, for the 2022 taxes, which were materially collected in May and September 2023, was set at \$.268511/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022, Cum. Supp. 2024) 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. Through September 1, 2023, employees contributed 1% of their salary. Starting September 2, 2023, this contribution was increased to 2%. 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, 2024, 53 employees contributed \$104,008, and the County contributed \$153,351. Contributions included \$5,324 in cash contributions towards the supplemental law enforcement plan for five law enforcement employees. Lastly, the County paid \$928 directly to 11 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 112 counties and local governments throughout Nebraska.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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

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

	<u>NIRMA Coverage</u>	<u>Maximum Coverage</u>
General Liability Claim	\$ 500,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 500,000	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, 2024, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>				Total
	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ -	\$ 570,000	\$ 81,051	\$ 651,051
Road Fund	1,502,216	-	-	18,889	1,521,105
Nonmajor Funds	69,427	16,640	-	1,964	88,031
Total	<u>\$ 1,571,643</u>	<u>\$ 16,640</u>	<u>\$ 570,000</u>	<u>\$ 101,904</u>	<u>\$ 2,260,187</u>

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

In the year ended June 30, 2024, the County made one-time transfers of \$24,922, \$30,000, and \$26,129 from the 911 Wireless Service, COVID American Rescue Plan, and Relief Medical funds, respectively, to the General Fund to reimburse eligible costs originally paid from that fund. Also, the County made a one-time transfer of \$18,889 from the COVID American Rescue Plan Fund to the Road Fund to reimburse eligible costs originally paid from that fund.

Additionally, the County made several transfers throughout the year related to health and dental insurance. The County transferred \$23,680, \$16,640, \$640, and \$213 from the General Fund, Road Fund, Civil Defense Fund, and Noxious Weed Control Fund, respectively, to the Liability Claim Reserve Fund for the County's portion of health and dental insurance premiums.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Brodstone Memorial Hospital Bond – Conduit Debt**

To provide for the refinancing of certain promissory notes originally issued to pay the costs of acquiring, constructing, furnishing, and equipping improvements to the facilities of Brodstone Memorial Hospital (Hospital), the County issued revenue bonds on May 22, 2013, in the amount of \$4,000,000, bearing interest at 3.07% and maturing on May 22, 2028. These bonds are special limited obligations of the County payable solely from and secured by loan payments to be received from the Hospital. The bonds do not constitute a debt or pledge of faith of the County and, accordingly, have not been reported in the accompanying financial statements. The outstanding debt balance as of April 30, 2024, was \$1,289,179 per the Hospital's audit report. Additional information may be obtained from the Hospital's Administrative Office.

NUCKOLLS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,375,394	\$ 3,375,394	\$ 3,487,223	\$ 111,829
Investment Income	5,000	5,000	125,580	120,580
Intergovernmental	15,000	15,000	54,902	39,902
Charges for Services	190,033	190,033	255,674	65,641
Miscellaneous	5,000	5,000	12,028	7,028
TOTAL RECEIPTS	<u>3,590,427</u>	<u>3,590,427</u>	<u>3,935,407</u>	<u>344,980</u>
DISBURSEMENTS				
General Government:				
County Board	117,864	117,864	102,116	15,748
County Clerk	221,844	221,844	195,270	26,574
County Treasurer	249,978	249,978	245,479	4,499
County Assessor	260,672	260,672	252,130	8,542
Election Commissioner	75,262	75,262	56,544	18,718
Clerk of the District Court	98,078	106,078	102,727	3,351
County Court System	8,600	8,600	4,636	3,964
Building and Grounds	199,864	199,864	160,143	39,721
Agricultural Extension Agent	124,008	124,008	114,804	9,204
Miscellaneous	689,465	674,465	440,529	233,936
Public Safety				
County Sheriff	642,478	642,478	538,149	104,329
County Attorney	188,802	188,802	175,241	13,561
County Jail	447,760	447,760	351,037	96,723
Public Assistance				
Veterans' Service Officer	27,241	34,241	30,133	4,108
Relief	9,000	9,000	1,000	8,000
TOTAL DISBURSEMENTS	<u>3,360,916</u>	<u>3,360,916</u>	<u>2,769,938</u>	<u>590,978</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>229,511</u>	<u>229,511</u>	<u>1,165,469</u>	<u>935,958</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	655,582	655,582	651,051	(4,531)
Transfers out	(1,682,943)	(1,682,943)	(1,571,643)	111,300
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,027,361)</u>	<u>(1,027,361)</u>	<u>(920,592)</u>	<u>106,769</u>
Net Change in Fund Balance	(797,850)	(797,850)	244,877	1,042,727
FUND BALANCE - BEGINNING	<u>1,207,850</u>	<u>1,207,850</u>	<u>1,207,249</u>	<u>(601)</u>
FUND BALANCE - ENDING	<u>\$ 410,000</u>	<u>\$ 410,000</u>	<u>\$ 1,452,126</u>	<u>\$ 1,042,126</u>

NUCKOLLS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,510,636	\$ 1,510,636	\$ 1,507,461	\$ (3,175)
Charges for Services	-	-	1,739	1,739
Miscellaneous	8,000	8,000	38,963	30,963
TOTAL RECEIPTS	1,518,636	1,518,636	1,548,163	29,527
DISBURSEMENTS	4,308,917	4,308,917	2,669,629	1,639,288
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,790,281)	(2,790,281)	(1,121,466)	1,668,815
OTHER FINANCING SOURCES (USES)				
Transfers in	1,656,085	1,656,085	1,521,105	(134,980)
Transfers out	-	-	(16,640)	(16,640)
TOTAL OTHER FINANCING SOURCES (USES)	1,656,085	1,656,085	1,504,465	(151,620)
Net Change in Fund Balance	(1,134,196)	(1,134,196)	382,999	1,517,195
FUND BALANCE - BEGINNING	1,534,196	1,534,196	1,534,196	-
FUND BALANCE - ENDING	\$ 400,000	\$ 400,000	\$ 1,917,195	\$ 1,517,195
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 50,000	\$ 50,000	\$ 531,839	\$ 481,839
Investment Income	5,000	5,000	211,957	206,957
TOTAL RECEIPTS	55,000	55,000	743,796	688,796
DISBURSEMENTS	2,519,227	2,519,227	50,219	2,469,008
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,464,227)	(2,464,227)	693,577	3,157,804
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(570,000)	(570,000)	(570,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(570,000)	(570,000)	(570,000)	-
Net Change in Fund Balance	(3,034,227)	(3,034,227)	123,577	3,157,804
FUND BALANCE - BEGINNING	3,034,227	3,034,227	3,034,227	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 3,157,804	\$ 3,157,804

(Continued)

NUCKOLLS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HIGHWAY BRIDGE BUYBACK FUND</u>				
RECEIPTS				
Intergovernmental	\$ 314,552	\$ 314,552	\$ 314,552	\$ -
TOTAL RECEIPTS	<u>314,552</u>	<u>314,552</u>	<u>314,552</u>	<u>-</u>
DISBURSEMENTS	<u>1,460,446</u>	<u>1,460,446</u>	<u>-</u>	<u>1,460,446</u>
Net Change in Fund Balance	(1,145,894)	(1,145,894)	314,552	1,460,446
FUND BALANCE - BEGINNING	<u>1,145,894</u>	<u>1,145,894</u>	<u>1,145,894</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,460,446</u>	<u>\$ 1,460,446</u>

(Concluded)

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

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SHERIFF EQUIPMENT RESERVE FUND				
Receipts	\$ 840	\$ 840	\$ 150	\$ (690)
Disbursements	(3,055)	(3,055)	-	3,055
Net Change in Fund Balance	(2,215)	(2,215)	150	2,365
Fund Balance - Beginning	2,215	2,215	2,215	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,365</u>	<u>\$ 2,365</u>
CIVIL DEFENSE FUND				
Receipts	\$ -	\$ -	\$ 24,850	\$ 24,850
Disbursements	(95,551)	(95,551)	(62,728)	32,823
Transfers in	46,580	46,580	46,580	-
Transfers out	-	-	(640)	(640)
Net Change in Fund Balance	(48,971)	(48,971)	8,062	57,033
Fund Balance - Beginning	48,971	48,971	48,971	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,033</u>	<u>\$ 57,033</u>
VISITORS' PROMOTION FUND				
Receipts	\$ 5,000	\$ 5,142	\$ 6,290	\$ 1,148
Disbursements	(9,690)	(9,832)	(9,832)	-
Net Change in Fund Balance	(4,690)	(4,690)	(3,542)	1,148
Fund Balance - Beginning	4,690	4,690	4,690	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ 1,148</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 2,775	\$ 2,775	\$ 3,110	\$ 335
Disbursements	(9,640)	(9,640)	-	9,640
Net Change in Fund Balance	(6,865)	(6,865)	3,110	9,975
Fund Balance - Beginning	6,865	6,865	6,865	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,975</u>	<u>\$ 9,975</u>
LIABILITY CLAIM RESERVE FUND				
Receipts	\$ 39,872	\$ 39,872	\$ 42,016	\$ 2,144
Disbursements	(517,849)	(517,849)	(43,767)	474,082
Transfers in	-	-	41,173	41,173
Transfers out	-	-	-	-
Net Change in Fund Balance	(477,977)	(477,977)	39,422	517,399
Fund Balance - Beginning	477,977	477,977	477,977	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,399</u>	<u>\$ 517,399</u>

(Continued)

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

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RELIEF MEDICAL FUND				
Receipts	\$ 54	\$ 54	\$ 54	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(26,129)	(26,129)	(26,129)	-
Net Change in Fund Balance	(26,075)	(26,075)	(26,075)	-
Fund Balance - Beginning	26,075	26,075	26,075	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DIVERSION PROGRAM FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 1,650	\$ 150
Disbursements	(2,129)	(2,129)	-	2,129
Net Change in Fund Balance	(629)	(629)	1,650	2,279
Fund Balance - Beginning	629	629	629	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,279</u>	<u>\$ 2,279</u>
COVID AMERICAN RESCUE PLAN FUND				
Receipts	\$ 200	\$ 200	\$ 1,080	\$ 880
Disbursements	(521,812)	(521,812)	(348,213)	173,599
Transfers in	-	-	-	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	(571,612)	(571,612)	(397,133)	174,479
Fund Balance - Beginning	571,612	571,612	571,612	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,479</u>	<u>\$ 174,479</u>
911 EMERGENCY SERVICES FUND				
Receipts	\$ 28,900	\$ 28,900	\$ 47,432	\$ 18,532
Disbursements	(286,482)	(286,482)	(62,643)	223,839
Net Change in Fund Balance	(257,582)	(257,582)	(15,211)	242,371
Fund Balance - Beginning	257,582	257,582	257,582	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,371</u>	<u>\$ 242,371</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 43,493	\$ 43,493	\$ 42,192	\$ (1,301)
Disbursements	(20,526)	(20,526)	(17,239)	3,287
Transfers in	-	-	-	-
Transfers out	(29,453)	(29,453)	(24,922)	4,531
Net Change in Fund Balance	(6,486)	(6,486)	31	6,517
Fund Balance - Beginning	6,486	6,486	6,486	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,517</u>	<u>\$ 6,517</u>

(Continued)

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

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
NOXIOUS WEED CONTROL FUND				
Receipts	\$ 29,902	\$ 29,902	\$ 29,590	\$ (312)
Disbursements	(58,042)	(58,042)	(20,518)	37,524
Transfers in	278	278	278	-
Transfers out	-	-	(213)	(213)
Net Change in Fund Balance	(27,862)	(27,862)	9,137	36,999
Fund Balance - Beginning	27,862	27,862	27,862	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,999</u>	<u>\$ 36,999</u>
LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND				
Receipts	\$ 25	\$ 25	\$ 50,278	\$ 50,253
Disbursements	(50,057)	(50,057)	-	50,057
Net Change in Fund Balance	(50,032)	(50,032)	50,278	100,310
Fund Balance - Beginning	50,032	50,032	50,032	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,310</u>	<u>\$ 100,310</u>

(Concluded)

NUCKOLLS COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2024

	Sheriff Equipment Reserve Fund	Civil Defense Fund	Visitors' Promotion Fund	Preservation and Modernization Fund	Liability Claim Reserve Fund
RECEIPTS					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	6,290	-	-
Investment Income	-	-	-	-	36,633
Intergovernmental	-	24,696	-	-	-
Charges for Services	150	-	-	3,110	-
Miscellaneous	-	154	-	-	5,383
TOTAL RECEIPTS	<u>150</u>	<u>24,850</u>	<u>6,290</u>	<u>3,110</u>	<u>42,016</u>
DISBURSEMENTS					
General Government	-	-	-	-	43,767
Public Safety	-	62,728	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	9,832	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>62,728</u>	<u>9,832</u>	<u>-</u>	<u>43,767</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>150</u>	<u>(37,878)</u>	<u>(3,542)</u>	<u>3,110</u>	<u>(1,751)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	46,580	-	-	41,173
Transfers out	-	(640)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>45,940</u>	<u>-</u>	<u>-</u>	<u>41,173</u>
Net Change in Fund Balances	150	8,062	(3,542)	3,110	39,422
FUND BALANCES - BEGINNING	<u>2,215</u>	<u>48,971</u>	<u>4,690</u>	<u>6,865</u>	<u>477,977</u>
FUND BALANCES - ENDING	<u>\$ 2,365</u>	<u>\$ 57,033</u>	<u>\$ 1,148</u>	<u>\$ 9,975</u>	<u>\$ 517,399</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	1,148	-	-
911 Emergency Services	-	-	-	-	-
Preservation of Records	-	-	-	9,975	-
Federal Relief	-	-	-	-	-
Committed to:					
Law Enforcement	2,365	-	-	-	-
Public Safety	-	57,033	-	-	-
Health and Dental Insurance Claims	-	-	-	-	517,399
Noxious Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 2,365</u>	<u>\$ 57,033</u>	<u>\$ 1,148</u>	<u>\$ 9,975</u>	<u>\$ 517,399</u>

(Continued)

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

For the Year Ended June 30, 2024

	Relief Medical Fund	Diversion Program Fund	COVID American Rescue Plan Fund	911 Emergency Services Fund
RECEIPTS				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	13,783
Investment Income	54	-	1,080	20,345
Intergovernmental	-	-	-	11,100
Charges for Services	-	1,650	-	2,200
Miscellaneous	-	-	-	4
TOTAL RECEIPTS	54	1,650	1,080	47,432
DISBURSEMENTS				
General Government	-	-	348,213	-
Public Safety	-	-	-	62,643
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
TOTAL DISBURSEMENTS	-	-	348,213	62,643
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	54	1,650	(347,133)	(15,211)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(26,129)	-	(50,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(26,129)	-	(50,000)	-
Net Change in Fund Balances	(26,075)	1,650	(397,133)	(15,211)
FUND BALANCES - BEGINNING	26,075	629	571,612	257,582
FUND BALANCES - ENDING	\$ -	\$ 2,279	\$ 174,479	\$ 242,371
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	242,371
Preservation of Records	-	-	-	-
Federal Relief	-	-	174,479	-
Committed to:				
Law Enforcement	-	2,279	-	-
Public Safety	-	-	-	-
Health and Dental Insurance Claims	-	-	-	-
Noxious Weed Control	-	-	-	-
TOTAL FUND BALANCES	\$ -	\$ 2,279	\$ 174,479	\$ 242,371

(Continued)

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

For the Year Ended June 30, 2024

	<u>911 Wireless Service Fund</u>	<u>Noxious Weed Control Fund</u>	<u>Local Assistance and Tribal Consistency Fund</u>	<u>Total Nonmajor Funds</u>
RECEIPTS				
Taxes:				
Property	\$ -	\$ 27,150	\$ -	\$ 27,150
Other	42,192	45	-	62,310
Investment Income	-	2,283	278	60,673
Intergovernmental	-	67	50,000	85,863
Charges for Services	-	-	-	7,110
Miscellaneous	-	45	-	5,586
TOTAL RECEIPTS	<u>42,192</u>	<u>29,590</u>	<u>50,278</u>	<u>248,692</u>
DISBURSEMENTS				
General Government	-	-	-	391,980
Public Safety	17,239	-	-	142,610
Public Works	-	20,518	-	20,518
Culture and Recreation	-	-	-	9,832
TOTAL DISBURSEMENTS	<u>17,239</u>	<u>20,518</u>	<u>-</u>	<u>564,940</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>24,953</u>	<u>9,072</u>	<u>50,278</u>	<u>(316,248)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	278	-	88,031
Transfers out	(24,922)	(213)	-	(101,904)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,922)</u>	<u>65</u>	<u>-</u>	<u>(13,873)</u>
Net Change in Fund Balances	31	9,137	50,278	(330,121)
FUND BALANCES - BEGINNING	<u>6,486</u>	<u>27,862</u>	<u>50,032</u>	<u>1,480,996</u>
FUND BALANCES - ENDING	<u>\$ 6,517</u>	<u>\$ 36,999</u>	<u>\$ 100,310</u>	<u>\$ 1,150,875</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	1,148
911 Emergency Services	6,517	-	-	248,888
Preservation of Records	-	-	-	9,975
Federal Relief	-	-	100,310	274,789
Committed to:				
Law Enforcement	-	-	-	4,644
Public Safety	-	-	-	57,033
Health and Dental Insurance Claims	-	-	-	517,399
Noxious Weed Control	-	36,999	-	36,999
TOTAL FUND BALANCES	<u>\$ 6,517</u>	<u>\$ 36,999</u>	<u>\$ 100,310</u>	<u>\$ 1,150,875</u>

(Concluded)

NUCKOLLS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2024

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Total
BALANCES JULY 1, 2023	\$ 11,263	\$ 14,116	\$ 1,594	\$ 803	\$ -	\$ 27,776
RECEIPTS						
Charges for Services	40,949	6,905	12,757	1,720	640	62,971
Miscellaneous	16	-	-	-	33,563	33,579
State Fees	67,599	4,709	-	-	-	72,308
Other Liabilities	3,209	177,499	7,103	725	-	188,536
TOTAL RECEIPTS	<u>111,773</u>	<u>189,113</u>	<u>19,860</u>	<u>2,445</u>	<u>34,203</u>	<u>357,394</u>
DISBURSEMENTS						
Payments to County Treasurer	41,761	7,505	12,999	1,720	34,203	98,188
Payments to State Treasurer	66,852	4,410	-	-	-	71,262
Other Liabilities	3,209	158,669	6,838	1,012	-	169,728
TOTAL DISBURSEMENTS	<u>111,822</u>	<u>170,584</u>	<u>19,837</u>	<u>2,732</u>	<u>34,203</u>	<u>339,178</u>
BALANCES JUNE 30, 2024	<u>\$ 11,214</u>	<u>\$ 32,645</u>	<u>\$ 1,617</u>	<u>\$ 516</u>	<u>\$ -</u>	<u>\$ 45,992</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 3,071	\$ 81	\$ 769	\$ -	\$ -	\$ 3,921
Petty Cash	-	-	520	-	-	520
Due to State Treasurer	8,143	611	-	-	-	8,754
Due to Others	-	31,953	328	516	-	32,797
BALANCES JUNE 30, 2024	<u>\$ 11,214</u>	<u>\$ 32,645</u>	<u>\$ 1,617</u>	<u>\$ 516</u>	<u>\$ -</u>	<u>\$ 45,992</u>

NUCKOLLS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2024

Item	2019	2020	2021	2022	2023
Tax Certified by Assessor					
Real Estate	\$ 12,752,366	\$ 12,307,058	\$ 12,343,706	\$ 12,527,734	\$ 13,273,473
Personal and Specials	1,149,905	1,242,248	1,305,643	1,347,169	784,955
Total	13,902,271	13,549,306	13,649,349	13,874,903	14,058,428
Corrections					
Additions	277	-	-	-	-
Deductions	(3,135)	(1,801)	(3,657)	(1,791)	(1,783)
Net Additions/ (Deductions)	(2,858)	(1,801)	(3,657)	(1,791)	(1,783)
Corrected Certified Tax	13,899,413	13,547,505	13,645,692	13,873,112	14,056,645
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2020	9,103,153	-	-	-	-
June 30, 2021	4,786,024	9,276,645	-	-	-
June 30, 2022	4,460	4,261,461	9,282,328	-	-
June 30, 2023	1,616	4,285	4,355,538	9,482,888	-
June 30, 2024	1,758	1,957	2,679	4,377,005	9,987,651
Total Net Collections	13,897,011	13,544,348	13,640,545	13,859,893	9,987,651
Total Uncollected Tax	\$ 2,402	\$ 3,157	\$ 5,147	\$ 13,219	\$ 4,068,994
Percentage Uncollected Tax	0.02%	0.02%	0.04%	0.10%	28.95%

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



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

Board of Commissioners
Nuckolls County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nuckolls County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 21, 2025. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below, that we consider to be a material weakness:

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

Report on Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Nuckolls County in a separate letter dated January 21, 2025.

Nuckolls County’s Response to Findings

Nuckolls County declined to respond to the finding described above.

Purpose of this Report

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

January 21, 2025



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



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January 21, 2025

Board of Commissioners
Nuckolls County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Nuckolls County (County) for the fiscal year ended June 30, 2024, and have issued our report thereon dated January 21, 2025. 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 CLERK

Accounting Procedures

During our audit, we noted that the County Clerk's office lacked adequate accounting procedures, as described below, over the fee account.

- No monthly asset-to-liability reconciliations were performed during the fiscal year 2024. After attempting our own reconciliation as of June 30, 2024, we identified an unknown cash long of \$122, which is summarized in the table below:

Assets as of June 30, 2024	
Reconciled Bank Balance	\$ 11,214
Accounts Receivable	-
Cash on Hand	-
Total Office Assets	\$ 11,214
Liabilities as of June 30, 2024	
Due to County	\$ 2,949
Due to State	8,143
Total Office Liabilities	\$ 11,092
Unknown Cash Long	\$ 122

The unknown cash long is made up of an unresolved and unknown cash long of \$106 from the prior-year audits. The remaining \$16 is due to an unknown variance between the book receipts and bank deposits for February 2024.

Further, we noted the following errors (\$276 owed to the County and \$613 owed to the State) during our audit, and these errors are accounted for in the amounts owed to the County of \$2,949 and to the State of \$8,143, as shown in the table above.

- On September 8, 2023, the County Clerk received \$798, which consisted of documentary stamp taxes of \$788 and \$10 of recording fees, as an electronic payment through Simplifile, a mortgage technology and settlement vendor. Only the \$10 was recorded to the instrument number in the County Clerk's fee system. As a result, the documentary stamp taxes were understated by \$788. This resulted in the County Clerk underpaying documentary stamp taxes due to the County Treasurer by \$175 and the State Treasurer by \$613.
- May 2024 documentary stamp tax receipts totaled \$1,046, of which \$814 was due to the State Treasurer and \$232 was due to the County Treasurer. The County Clerk made errors when originally calculating the amounts owed to the State Treasurer and the County Treasurer for May 2024 by failing to remove a documentary stamp tax refund. To offset these errors, the County Clerk attempted to adjust the June 2024 collections (remitted in July 2024); however, the County Clerk failed to calculate correctly the amounts, resulting in the amount to the County Treasurer being short by \$101. The State Treasurer's remittance was calculated correctly.
- Incomplete bank reconciliations were performed throughout fiscal year 2024. During our audit, we noted that the June 2024 bank reconciliation was not performed, and per the County Clerk, monthly bank reconciliations are not always performed timely, and the County Clerk may wait and attempt to reconcile multiple months at once. As a result, the issues identified above by our office were not identified and resolved in a timely manner. Specifically, the September 2023 documentary stamp tax, totaling \$788, was received over 14 months ago, as of audit fieldwork in December 2024, and the specific office practice to wait and complete multiple bank reconciliations all at once appears to be inadequate, and monthly bank reconciliations need to be performed in a timely manner.

Neb. Rev. Stat. § 33-130 (Reissue 2016) states the following:

Each county clerk or register of deeds shall, not later than the fifteenth day of the month following the calendar month in which fees are received, pay over to the county treasurer all fees received and take the receipt of the county treasurer therefor. Except as provided by section 25-2712, all fees received by the county treasurer pursuant to this section shall be credited to the general fund of the county.

Sound accounting practices and good internal controls 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); 2) monthly bank reconciliations are performed timely; 3) office records are accurate and reconcile, at least monthly, with the bank activity; 4) all receipt and disbursement activity is recorded in a timely manner; and 5) any variances are researched and resolved in a timely manner.

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

A similar finding has been included in prior audit reports since fiscal year 2018.

We recommend the County Clerk 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); 2) monthly bank reconciliations are performed timely; 3) office records are accurate and reconcile, at least monthly, with the bank activity; 4) all receipt and disbursement activity is recorded in a timely manner; and 5) any variances are researched and resolved in a timely manner.

COUNTY BOARD

Accounting Procedures and Unauthorized Petty Cash

During the audit, we found that the County Clerk maintained a second imprest account for health insurance premiums, and we noted the following issues with the County Clerk's accounting procedures over the second imprest account.

- A reconciliation of the bank account was last performed on the statement ending May 31, 2024; however, the reconciliation reported a book balance that was short by \$974. No subsequent reconciliations have been performed.
- The County Clerk attempted to balance this second imprest account to \$10,000 as of June 30, 2024. On November 21, 2022, the County Board approved opening this second imprest account for health insurance premiums. On December 19, 2022, the County Board approved a \$10,000 claim for this second imprest account. However, the minutes for November 21, 2022, and December 19, 2022, meetings were unclear that this account would maintain a petty cash balance, nor did they set the authorized petty cash balance. The budget message in the County's 2023-2024 budget document did not list this second imprest account as having an authorized petty cash balance.

Further, a similar comment was included in the APA's audit report issued on April 23, 2024, and it was not corrected in the budget message for the 2024-2025 budget passed and signed by the County Board on September 3, 2024.

- Subsequent to the audit period, the bank account had a negative bank balance of \$927 from July 9, 2024, through July 16, 2024. On July 16, 2024, the County made a deposit of \$10,927 to the account to return the balance to \$10,000. The County failed to deposit enough money into this account prior to the July automatic withdrawal.

The deposit requested from the County Treasurer for June 2024 was short of expenses incurred, resulting in an unknown short of \$6,242 as of June 30, 2024, compared to the \$10,000 amount to which the County Clerk attempted to balance. Of this short, \$974 was identified in May 2024, and the remaining \$5,268 was a result of the deposits being short of the amount of expenses for June 2024.

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 and sound accounting practices require procedures to ensure the following: 1) petty cash balances are authorized by the County Board and noted in the budget message; 2) the balance held is reconciled timely to the authorized petty cash balance, and any identified variances are resolved in a timely manner; and 3) sufficient funds are available in the County's bank accounts to pay claims.

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

A similar finding was noted in the prior year report.

We recommend the County Board implement controls to ensure the following: 1) petty cash balances are authorized by the County Board and noted in the budget message; 2) the balance held is reconciled timely to the authorized petty cash balance, and any identified variances are resolved in a timely manner; and 3) sufficient funds are available in the County's bank accounts to pay claims.

County Board Meeting Publication Issues

During the audit, we noted the following issues with the County Board’s approval of payroll and required publications, as described below:

- The County Board did not document its review of timesheets or payroll registers prior to payment of payroll expenses. Further, the aggregate amount paid for payroll expenses was not disclosed in the County Board’s publication of minutes for any month of the fiscal year. County net payroll costs for fiscal year 2024 totaled \$1,604,860.
- The County reported only the payroll benefit and deduction amounts due to Federal and State agencies for taxes, retirement, and health savings accounts for 3 of 12 months during fiscal year 2024. Further, the following claims were not included in the meeting minutes as approved County expenses:

Claim #	Fund	Amount	Description
23100136	General	\$ 30,080	General Fund employees BlueCross BlueShield Withholdings for October 2023
24010159	Roads	131	Roads Employees Colonial Life Insurance Withholdings for January 2024
24010170	Roads	13,229	Roads Employees Fed Taxes/FICA Withholdings for January 2024
24030169	Civil Defense	95	Civil Defense Employees Benefit Withholdings for March 2024
24060156	General	808	General Fund Employees Colonial Life Insurance Withholdings for June 2024
Total		\$ 44,343	

- For 13 of 20 regular County Board meetings tested, a publication of a “brief statement of the proceedings thereof” was not made within 10 business days, as required by State statute. For 8 of those 13, no publication was on file at the County to support the proceedings were published. For the remaining five meetings, as shown by the table below, the publications ranged from 12 to 13 business days after the close of each County Board meeting:

Meeting Date	Publication Date	Number of Business Days Until Publication
4/8/2024	4/25/2024	12
4/22/2024	5/9/2024	12
5/20/2024	6/6/2024	12
8/5/2024	8/22/2024	13
9/3/2024	9/19/2024	12

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

The county board of all counties having a population of less than one hundred fifty thousand inhabitants shall cause to be published, within ten working days after the close of each annual, regular, or special meeting of the board, a brief statement of the proceedings thereof which shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item, in one newspaper of general circulation published in the county and also its proceedings upon the equalization of the assessment roll. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicate the duties and functions of the position. No publication in a newspaper shall be required unless the same can be done at an expense not exceeding three-fourths of the legal rate for advertising notices.

Additionally, Neb. Rev. Stat. § 23-135 (Reissue 2022) restricts County governments from making advance payments, except for certain situation that would not include payroll expenses.

Good internal controls and sound business practices require procedures to ensure the following: 1) payments are issued only after the expense has been approved by the County Board; 2) a “brief statement of the proceedings thereof,” including at least the “aggregate amount of all payroll claims,” is published in accordance with State statute; and 3) advance payments are made only as expressly authorized by law.

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

A similar finding was noted in the prior year report.

We recommend the County Board implement procedures to ensure the following: 1) payments are issued only after the expense has been approved by the County Board; 2) a “brief statement of the proceedings thereof,” including at least the “aggregate amount of all payroll claims,” is published in accordance with State statute; and 3) advance payments are made only as expressly authorized by law.

Credit Card Policy and Inadequate Review of Statements

The County lacked an approved, written purchasing card policy that not only specified allowable purchases and authorized users but also outlined procedures for safeguarding the County’s assets when using a County credit card. Additionally, it was noted that the County Sheriff’s credit card earned reward dollars on purchases. As of November 18, 2024, the reward balance was \$2,483. The County’s purchasing card policy should govern the use of reward balances to ensure the benefit of the County.

Furthermore, we noted that the County Sheriff’s January 2024 card statement included interest and fees of \$88, which was not identified and resolved in a timely manner, resulting in payment of the charges in February 2024.

Neb. Rev. Stat. § 13-610 (Reissue 2022) provides, in relevant part, the following requirements for a political subdivision’s purchasing card program:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision’s purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

* * * *

(4) 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.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

Good internal control requires written guidelines for the proper use of the County’s purchasing cards, including formal designation of both the authorized users and the allowable uses thereof, as well as adequate review procedures to identify and resolve unnecessary service charges and penalties in a timely manner.

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

We recommend the County implement procedures to ensure the following: 1) proper documentation is maintained for all transactions, including itemized receipts for purchases made with the County’s purchasing cards; 2) a formal purchasing card policy is implemented to outline procedures for the proper use of the County’s cards, including designation of allowable purchases, use of rewards, and authorized users; and 3) statements are adequately reviewed, and any unnecessary penalties and charges are identified and resolved in a timely manner.

Lack of Supporting Documentation

During our testing of claims, we noted that the following claims lacked adequate supporting documentation:

Claim #	Payee	Amount	Description	Note
24010047	US Bank	\$ 12	Food	No itemized receipt on file.
24010047	US Bank	111	LED Outfitters	No itemized receipt on file.
24030064	Candy Cane Lane	1,500	Visitor Promotion Funds	No documentation on file to support how funds were used.
23080004	Bailiff	225	Contracted Labor	No support on file for rate paid.
24030031	Election Worker	213	Election Worker Compensation & Mileage	No documentation on file to support number of hours worked and miles driven.
24060012	Election Worker	165	Election Worker Compensation & Mileage	No documentation on file to support number of hours worked and miles driven.
24060100	Cintas First Aid & Safety	63	First Aid Supplies	No itemized receipt on file.
Total		\$ 2,289		

Further, for the three employees tested for the May 2024 payroll, we noted that the County did not have documentation on file to support the amounts withheld from each employee’s pay checks for the insurance benefits the employees elected. The three tested employees’ withholdings for the benefits elected totaled \$357 for the May 2024 paycheck.

Neb. Rev. Stat. § 13-610(4) (Reissue 2022) 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.

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) all expenditures are supported by appropriate documentation, including itemized receipts for purchases made with the County’s credit cards; and 3) adequate documentation is kept on file to support the amounts deducted from each employee’s benefit deductions.

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

A similar finding was noted in the prior year report.

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) all expenditures are supported by appropriate documentation, including itemized receipts for purchases made with the County’s credit cards; and 3) adequate documentation is kept on file to support the amounts deducted from each employee’s benefit deductions.

COUNTY ATTORNEY

Unknown Trust Balance

During the audit, we noted that the County Attorney’s office was maintaining a trust fund balance of \$516 in its bank account as of June 30, 2024; however, the County Attorney could not identify the proper recipient(s) of these funds.

The Uniform Disposition of Unclaimed Property Act (Act) is set out at Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2018, Cum. Supp. 2024). Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) of the Act 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. 2024) provides the following, in relevant part:

(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

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

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

A similar finding was included in prior audit reports.

We recommend the County Attorney implement procedures for reviewing monies held in trust in order to identify the proper recipient(s) thereof and, upon such identification, remit such trust balances to the appropriate individual(s) in a timely manner.

CLERK OF THE DISTRICT COURT

Satisfied Judgment Costs

During our audit, we noted that one case had a Satisfaction of Judgment Order filed on September 9, 2024; however, as of December 1, 2024, the case still had a judgement balance due of \$25,945. The remaining judgement owed was not removed from the system until after our inquiry.

Good internal control and sound business practices require procedures to ensure that a judgment is removed from a case when there is an order directing such action to be taken.

Without such procedures, there is an increased risk of cases showing an inaccurate balance owed.

We recommend the District Court implement procedures to ensure a judgment is removed from a case when there is an order directing such action to be taken.

COUNTY SHERIFF

Accounting Procedures

During our audit, we noted that a monthly asset-to-liability reconciliation was not performed for the County Sheriff’s fee bank account, resulting in an unknown cash short of \$159. The table below summarizes the cash short as of June 30, 2024:

Assets as of June 30, 2024	
Reconciled Bank Balance	\$ 1,177
Cash-on-Hand	198
Receivables	83
Total Assets	\$ 1,458
Liabilities As of June 30, 2024	
Due to County	\$ 769
Due to Others	328
Petty Cash	520
Total Liabilities	\$ 1,617
Cash Short	\$ (159)

Good internal controls and sound accounting practices require procedures to ensure that 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 are resolved timely.

Without such procedures, there is an increased risk for not only loss, theft, or misuse of County funds, but also errors being allowed to go undetected more easily.

A similar finding was noted in the prior year report.

We recommend the County Sheriff implement procedures to ensure an accurate asset-to-liability reconciliation is performed monthly, and any variances are resolved timely. Such procedures should include the maintenance of proper documentation to support correct balances.

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.

A proper system of 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 also include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

This was also noted in prior audits.

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


* * * * *

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

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

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

Sincerely,

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