AUDIT REPORT
OF
HARLAN COUNTY
JULY 1, 2024, THROUGH JUNE 30, 2025

HARLAN COUNTY

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HARLAN COUNTY

706 W 2nd Street
Alma, NE 68920

LIST OF COUNTY OFFICIALS
At June 30, 2025

Title	Name	Expires
Board of Commissioners	Jeff Bash	Dec. 2026
	Cynthia Boehler	Dec. 2028
	Micheal Clements	Dec. 2026
	Janice Miller-Boston	Dec. 2026
	George Scott	Dec. 2028
	Robert Schmidt	Dec. 2028
	Joseph Schnuerle	Dec. 2026
Assessor	Kim Fouts	Dec. 2026
Attorney	Whitney Schoeder	Dec. 2026
Clerk/ Register of Deeds	Jessie Martin	Dec. 2026
Surveyor	Vacant	
Clerk of the District Court	Jessie Martin	Dec. 2026
Sheriff	Jesse Langley	Dec. 2026
Treasurer	Brittany Artz	Dec. 2026

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HARLAN COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harlan 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 Harlan County, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major funds	Unmodified
Aggregate remaining fund information	Unmodified
Discretely presented component unit	Adverse

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 (Harlan County Health Systems) of Harlan County, as of June 30, 2025, 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 Opinion on Governmental Activities and Business Type Activities

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harlan County, as of June 30, 2025, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

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.

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, page numbers as noted in the Table of Contents, 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 June 10, 2026, 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.

Seward, Nebraska
June 10, 2026

HARLAN COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2025

		Governmental Activities
ASSETS		
Cash and Cash Equivalents (Note 1.D)	$	1,101,719
Investments (Note 1.D)		2,528,232
TOTAL ASSETS	$	3,629,951
NET POSITION		
Restricted for:		
Visitor Promotion	$	31,604
911 Emergency Services		3,129
Drug Education		16,637
Law Enforcement		10,284
Preservation of Records		4,678
Debt Service		98,882
Unrestricted		3,464,737
TOTAL NET POSITION	$	3,629,951

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, 2025

Functions:	Cash Disbursements	Program Cash Receipts: Fees, Fines, and Charges for Services	Program Cash Receipts: Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Position
Governmental Activities:				
General Government	$ (996,473)	$ 312,606	$ 105,594	$ (578,273)
Public Safety	(884,268)	4,843	-	(879,425)
Public Works	(1,742,343)	890	1,083,988	(657,465)
Public Assistance	(511,001)	-	-	(511,001)
Culture and Recreation	(20,837)	-	-	(20,837)
Miscellaneous	(731,345)	-	-	(731,345)
Debt Payments	(394,290)	4,290	-	(390,000)
Capital Outlays	(1,234,837)	-	-	(1,234,837)
Total Governmental Activities	$ (6,515,394)	$ 322,629	$ 1,189,582	$ (5,003,183)

General Receipts:	
Taxes	$ 2,920,023
Grants and Contributions Not Restricted to Specific Programs	2,223,920
Investment Income	99,051
Licenses and Permits	2,415
Health Insurance Settlements	5,581
Miscellaneous	62,817
Net Transfers	-
Total General Receipts	$ 5,313,807
Change in Net Position	$ 310,624
Net Position - Beginning of year	3,319,327
Net Position - End of year	$ 3,629,951

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, 2025

	General Fund	Road Fund	Inheritance Tax Fund	Road/Bridge Construction Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	$ (1,248,350)	$ 44,541	$ 69,113	$ 1,824,628	$ 416,796	$ 1,106,728
Investments (Note 1.D)	1,533,700	-	989,523	-	-	2,523,223
TOTAL ASSETS	$ 285,350	$ 44,541	$ 1,058,636	$ 1,824,628	$ 416,796	$ 3,629,951
FUND BALANCES						
Restricted for:						
Visitor Promotion	$ -	$ -	$ -	$ -	$ 31,604	$ 31,604
911 Emergency Services	-	-	-	-	3,129	3,129
Drug Education	-	-	-	-	16,637	16,637
Law Enforcement	-	-	-	-	10,284	10,284
Preservation of Records	-	-	-	-	4,678	4,678
Debt Service	-	-	-	-	98,882	98,882
Committed to:						
Law Enforcement	-	-	-	-	4,728	4,728
County Buildings	-	-	-	-	674	674
Road and Bridge Maintenance	-	44,541	-	1,824,628	166,307	2,035,476
Aid and Assistance	-	-	-	-	11,151	11,151
Equipment Purchases	-	-	-	-	38,124	38,124
Property Reappraisal	-	-	-	-	29,745	29,745
Community Betterment	-	-	-	-	853	853
Assigned to:						
Other Purposes	-	-	1,058,636	-	-	1,058,636
Unassigned	285,350	-	-	-	-	285,350
TOTAL CASH BASIS FUND BALANCES	$ 285,350	$ 44,541	$ 1,058,636	$ 1,824,628	$ 416,796	$ 3,629,951

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, 2025

	General Fund	Road Fund	Inheritance Tax Fund	Road/Bridge Construction Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes	$ 2,385,031	$ -	$ 208,783	$ -	$ 326,209	$ 2,920,023
Licenses and Permits	750	1,665	-	-	-	2,415
Investment Income	95,347	-	-	-	3,704	99,051
Intergovernmental	466,629	1,083,988	-	1,650,000	212,885	3,413,502
Charges for Services	309,534	890	-	-	12,205	322,629
Miscellaneous	24,558	38,260	-	-	5,580	68,398
TOTAL RECEIPTS	3,281,849	1,124,803	208,783	1,650,000	560,583	6,826,018
DISBURSEMENTS						
General Government	990,960	-	-	-	5,513	996,473
Public Safety	879,796	-	-	-	4,472	884,268
Public Works	5,232	1,737,111	-	-	-	1,742,343
Public Health	-	-	-	-	-	-
Public Assistance	15,118	-	-	-	495,883	511,001
Culture and Recreation	-	-	-	-	20,837	20,837
Miscellaneous	682,227	-	49,058	-	60	731,345
Debt Service:						-
Principal Payments	-	-	-	-	390,000	390,000
Interest and Fiscal Charges	-	-	-	-	4,290	4,290
Capital Outlay	171,431	937,200	-	83,466	42,740	1,234,837
TOTAL DISBURSEMENTS	2,744,764	2,674,311	49,058	83,466	963,795	6,515,394
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBRUSEMENTS	537,085	(1,549,508)	159,725	1,566,534	(403,212)	310,624
OTHER FINANCING SOURCES (USES)						
Transfers in	440,000	1,192,000	-	250,000	20,000	1,902,000
Transfers out	(1,137,000)	-	(765,000)	-	-	(1,902,000)
Proceeds from Sale of Bonds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(697,000)	1,192,000	(765,000)	250,000	20,000	-
Net Change in Fund Balances	(159,915)	(357,508)	(605,275)	1,816,534	(383,212)	310,624
CASH BASIS FUND BALANCES - BEGINNING	445,265	402,049	1,663,911	8,094	800,008	3,319,327
CASH BASIS FUND BALANCES - ENDING	$ 285,350	$ 44,541	$ 1,058,636	$ 1,824,628	$ 416,796	$ 3,629,951

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, 2025

	Custodial Fund Balances July 1, 2024	Receipts	Disbursements	Custodial Fund Balances June 30, 2025
ASSETS				
Cash and Cash Equivalents	$ 349,342	$ 16,468,719	$ 16,519,639	$ 298,422
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	82,506	1,218,961	1,200,326	101,141
State - Collected by Other Offices	2,569	64,969	62,481	5,057
Schools	144,221	11,923,306	11,939,868	127,659
Educational Service Units	1,995	181,585	181,301	2,279
Technical College	11,414	475,892	484,002	3,304
Natural Resource Districts	10,152	1,184,216	1,181,703	12,665
Fire Districts	2,909	370,055	368,951	4,013
Municipalities	24,131	746,281	744,719	25,693
Agricultural Society	1,015	93,410	93,248	1,177
Townships	563	61,610	61,688	485
Others - Collected by County Treasurer	4,528	-	-	4,528
Others - Collected by Other Offices	63,339	148,434	201,352	10,421
TOTAL LIABILITIES	349,342	16,468,719	16,519,639	298,422
TOTAL NET POSITION	$ -	-	-	-

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

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 $8,022 toward the operation of the Region during fiscal year 2025. 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 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 2025. 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.

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 is primarily funded by State tax receipts.

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

Road/Bridge Construction Fund. Maintains and improves County roads, bridges, and other county infrastructure. The County is required to match a certain amount of state resources for these purposes.

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.

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 consist of all cash on hand, demand deposit accounts, and money market accounts with immediate liquidity.

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, certificates of deposit, time deposits, and securities 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 $165,214 of restricted net position which is fully restricted by enabling legislation.

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

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

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

2. Deposits and Investments

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

Breakdown of Cash and Investments as of June 30, 2025:

Checking	$	1,406,329
Money Market		743,168
Certificates of Deposit		1,785,064
Total Cash and Investments	$	3,934,561
Less: Agency Held Funds		(282,943)
Less: Balance Held by Other Offices		(21,667)
Total Cash Held by County	$	3,629,951

Custodial Credit Risk – For purposes of classifying categories of custodial risk, the bank balances of the County's deposits during the current fiscal year end were not entirely insured by the FDIC or collateralized with securities held by the County's agent in the County's name. At the end of the year, the County had no insurance deficiency. The County is aware of the potential for deficiency and believes the credit risk is low due to the custodian's reputation and history.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investments full price.

The County invests primarily in certificates of deposit which effectively limits exposure to interest rate risk as certificates of deposit have fixed interest rates. The County's use of money market funds does expose the County to interest rate risk, but the effects of such exposure do not put the County's current operating environment at risk for failure as the County is not dependent on the performance of such funds to maintain its current operations.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. By investing primarily in certificates of deposit and money market accounts the County effectively limits exposure to credit risk. Bond ratings are not applicable to the County's portfolio of cash and investments.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does have some exposure to concentration of credit risk as it keeps funds in investment vehicles that were not entirely insured by the FDIC or collateralized with securities held in the County's name.

The County does not have exposure to foreign currency risk.

3. Taxes

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

As stated in Neb. Rev. Stat. § 77-3442 counties are permitted by the State Constitution to levy a tax of up to $.45/$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt plus an additional $.05/$100 for interlocal agreements. Counties may levy taxes in addition to this 50-cent limitation upon a vote of the people. The levy limit analysis of the largest possible district levy set in October 2024 was $.3010/$100 which complied with state statute.

The county general fund levy set in October 2024, for the 2024 taxes, which will be materially collected in May and September 2025, was set at $.1831/$100 of assessed valuation. The county general fund levy set in October 2023, for the 2023 taxes, which were materially collected in May and September 2024, was set at $.2082/$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

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

4. Retirement Systems

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, 2025, 53 employees contributed $83,987, and the County contributed $123,305.

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.

	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, 2025, consisted of the following:

		Transfers Out		
		MAJOR FUNDS		
		100 General	2700 Inheritance	Total
Transfers In				
MAJOR FUNDS				
100	General	$ -	$ 440,000	$ 440,000
200	Road	1,137,000	55,000	1,192,000
800	Road/Bridge Construction Fund	-	250,000	250,000
NONMAJOR FUNDS				
1100	Reappraisal Fund	-	20,000	20,000
	Total	$ 1,137,000	$ 765,000	$ 1,902,000

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, 2025, the County made a one-time transfer of $1,137,000 from the General Fund to the Road Fund for repairs, road projects costs, and the purchase of equipment.

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, 2025, was $390,000. 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.

Governmental Activities	2025				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable	$ 780,000	$ -	$ 390,000	$ 390,000	$ 390,000
Total long-term debt	$ 780,000	$ -	$ 390,000	$ 390,000	$ 390,000

Long-term debt is comprised of the following individual issues:

Governmental Type	Original Amount	Interest Rate	Principal Amount Outstanding
Highway Allocation Bonds			
Highway Allocation Bonds Series 2021 due serially through 2025	$ 1,950,000	1.95%	$ 390,000

	2025					
	Governmental Activities					
Year Ending	General Obligation Bonds		Notes Payable		Capital Lease	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	390,000	2,340	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
	$ 390,000	$ 2,340	$ -	$ -	$ -	$ -

8. Subsequent Events

Subsequent events have been evaluated through June 10, 2026, which is the date the financial statements were issued. During the review of subsequent events no issues were noted that were required to be disclosed in the notes to the financial statements.

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	$ 2,676,748	$ 2,676,748	$ 2,385,031	$ (291,717)
Licenses and Permits	500	500	750	250
Investment Income	-	-	95,349	95,349
Intergovernmental	212,450	212,450	466,629	254,179
Charges for Services	420,356	420,356	309,534	(110,822)
Miscellaneous	-	-	24,558	24,558
TOTAL RECEIPTS	3,310,054	3,310,054	3,281,851	(28,203)
DISBURSEMENTS				
General Government				
County Board	162,662	162,662	158,872	3,790
County Clerk	202,993	202,993	159,461	43,532
County Treasurer	184,473	184,473	173,905	10,568
County Assessor	240,819	240,819	176,187	64,632
Elections	31,200	31,200	10,939	20,261
Planning and Zoning	132,490	132,490	36,054	96,436
District Court	8,930	8,930	3,557	5,373
County Court	11,060	11,060	5,638	5,422
District Judge	52,500	52,500	-	52,500
Public Defender	-	-	52,500	(52,500)
Reappraisal	-	-	13,200	(13,200)
Child Support	112,250	112,250	130,094	(17,844)
Agriculture Ext Ag	98,347	98,347	70,554	27,793
Public Safety				
Sheriff	498,058	498,058	398,232	99,826
Attorney	185,950	185,950	147,324	38,626
Law Enforcement	60,000	60,000	-	60,000
Child Support Enforcement	13,200	13,200	-	13,200
Juv. Diversion	-	-	241,342	(241,342)
Jail	249,049	249,049	-	249,049
Emergency Man	100,648	100,648	92,899	7,749
Public Works				
County Surveyor	9,200	9,200	5,232	3,968
Public Welfare/Social Services				
Vets Serv	23,710	23,710	15,118	8,592
Miscellaneous				
Miscellaneous	777,775	777,775	-	777,775
Inherit Tax	-	-	682,227	(682,227)
Capital Projects				
Capital Projects	321,273	321,273	171,431	149,842
TOTAL DISBURSEMENTS	3,476,587	3,476,587	2,744,766	731,821
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(166,533)	(166,533)	537,085	703,618
OTHER FINANCING SOURCES (USES)				
Transfers in	2,065,145	2,065,145	440,000	(1,625,145)
Transfers out	(2,272,507)	(2,272,507)	(1,137,000)	1,135,507
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING	(207,362)	(207,362)	(697,000)	(489,638)
Net Change in Fund Balance	(373,895)	(373,895)	(159,915)	213,980
FUND BALANCE - BEGINNING	444,265	444,265	445,265	444,265
FUND BALANCE - ENDING	$ 70,370	$ 70,370	$ 285,350	$ 214,980

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS
For the Year Ended June 30, 2025

ROAD FUND	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	-	-	-	-
Intergovernmental	1,125,177	1,125,177	1,083,988	(41,189)
Licenses and Permits	1,000	1,000	1,666	666
Charges for Services	2,310	2,310	890	(1,420)
Earnings on Investments	-	-	-	-
Miscellaneous	3,000	3,000	38,260	35,260
TOTAL RECEIPTS	1,131,487	1,131,487	1,124,804	(6,683)
DISBURSEMENTS	3,498,907	3,498,907	2,674,310	824,597
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,367,420)	(2,367,420)	(1,549,506)	817,914
OTHER FINANCING SOURCES (USES)				
Transfers in	2,015,370	2,015,370	1,192,000	(823,370)
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,015,370	2,015,370	1,192,000	(823,370)
Net Change in Fund Balance	(352,050)	(352,050)	(357,506)	(5,456)
FUND BALANCE - BEGINNING	402,050	402,050	402,049	(1)
FUND BALANCE - ENDING	$ 50,000	$ 50,000	$ 44,543	$ (5,457)
INHERITANCE TAX FUND				
RECEIPTS				
Taxes	426,350	426,350	208,783	(217,567)
Intergovernmental	-	-	-	-
Licenses and Permits	-	-	-	-
Charges for Services	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	426,350	426,350	208,783	(217,567)
DISBURSEMENTS	19,855	19,855	49,058	(29,203)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	406,495	406,495	159,725	(246,770)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,065,145)	(2,065,145)	(765,000)	1,300,145
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,065,145)	(2,065,145)	(765,000)	1,300,145
Net Change in Fund Balance	(1,658,650)	(1,658,650)	(605,275)	1,053,375
FUND BALANCE - BEGINNING	1,663,911	1,663,911	1,663,911	-
FUND BALANCE - ENDING	$ 5,261	$ 5,261	$ 1,058,636	$ 1,053,375

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS
For the Year Ended June 30, 2025

ROAD/BRIDGE CONSTRUCTION FUND	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	-	-	-	-
Intergovernmental	-	-	1,650,000	1,650,000
Licenses and Permits	-	-	-	-
Charges for Services	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	-	-	1,650,000	1,650,000
DISBURSEMENTS	249,999	249,999	83,466	166,533
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(249,999)	(249,999)	1,566,534	1,816,533
OTHER FINANCING SOURCES (USES)				
Transfers in	241,905	241,905	250,000	8,095
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	241,905	241,905	250,000	8,095
Net Change in Fund Balance	(8,094)	(8,094)	1,816,534	1,824,628
FUND BALANCE - BEGINNING	8,094	8,094	8,094	-
FUND BALANCE - ENDING	$ -	$ -	$ 1,824,628	$ 1,824,628

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2025

HIGHWAY STREET FUND	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts	$ 96,591	$ 96,591	$ -	$ (96,591)
Disbursements	(96,591)	(96,591)	-	96,591
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ -	$ -
VISITORS PROMOTION FUND				
Receipts	$ 24,000	$ 24,000	$ 21,635	$ (2,365)
Disbursements	(38,576)	(38,576)	(20,837)	17,739
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(14,576)	(14,576)	798	15,374
Fund Balance - Beginning	30,806	30,806	30,806	-
Fund Balance - Ending	$ 16,230	$ 16,230	$ 31,604	$ 15,374
PRESERVATION AND MODERNIZATION FUND				
Receipts	$ 2,709	$ 2,709	$ 3,072	$ 363
Disbursements	(8,000)	(8,000)	(5,513)	2,487
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(5,291)	(5,291)	(2,441)	2,850
Fund Balance - Beginning	7,119	7,119	7,119	-
Fund Balance - Ending	$ 1,828	$ 1,828	$ 4,678	$ 2,850
VETERANS' AID FUND				
Receipts	$ 90	$ 90	$ 91	$ 1
Disbursements	(11,000)	(11,000)	-	11,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(10,910)	(10,910)	91	11,001
Fund Balance - Beginning	11,060	11,060	11,060	-
Fund Balance - Ending	$ 150	$ 150	$ 11,151	$ 11,001

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2025
(Continued)

OPIOID SETTLEMENT FUND	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts	$ 6,750	$ 6,750	$ 5,580	$ (1,170)
Disbursements	(17,807)	(17,807)	-	17,807
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(11,057)	(11,057)	5,580	16,637
Fund Balance - Beginning	11,057	11,057	11,057	-
Fund Balance - Ending	$ -	$ -	$ 16,637	$ 16,637
COURTHOUSE IMPROVEMENT SINKING FUND				
Receipts	$ -	$ -	$ -	$ -
Disbursements	(45,000)	(45,000)	(42,739)	2,261
Transfers in	1,587	1,587	-	(1,587)
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(43,413)	(43,413)	(42,739)	674
Fund Balance - Beginning	43,413	43,413	43,413	-
Fund Balance - Ending	$ -	$ -	$ 674	$ 674
HIGHWAY BRIDGE BUYBACK PROGRAM FUND				
Receipts	$ 69,717	$ 69,717	$ 166,307	$ 96,590
Disbursements	(69,717)	(69,717)	-	69,717
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	-	-	166,307	166,307
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ 166,307	$ 166,307
COVID AMERICAN RESCUE PLAN FUND				
Receipts	$ 1	$ 1	$ -	$ (1)
Disbursements	(495,884)	(495,884)	(495,883)	1
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(495,883)	(495,883)	(495,883)	-
Fund Balance - Beginning	495,883	495,883	495,883	-
Fund Balance - Ending	$ -	$ -	$ -	$ -

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2025
(Continued)

SHERIFF EQUIPMENT SINKING FUND	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts	$ -	$ -	$ -	$ -
Disbursements	(38,200)	(38,200)	-	38,200
Transfers in	76	76	-	(76)
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(38,124)	(38,124)	-	38,124
Fund Balance - Beginning	38,124	38,124	38,124	-
Fund Balance - Ending	$ -	$ -	$ 38,124	$ 38,124
REAPPRAISAL FUND				
Receipts	$ 1	$ 1	$ -	$ (1)
Disbursements	(20,000)	(20,000)	-	20,000
Transfers in	12,000	12,000	20,000	8,000
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(7,999)	(7,999)	20,000	27,999
Fund Balance - Beginning	9,745	9,745	9,745	-
Fund Balance - Ending	$ 1,746	$ 1,746	$ 29,745	$ 27,999
E911 FUND				
Receipts	$ 5,200	$ 5,200	$ 3,829	$ (1,371)
Disbursements	(10,000)	(10,000)	(3,930)	6,070
Transfers in	1,570	1,570	-	(1,570)
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(3,230)	(3,230)	(101)	3,129
Fund Balance - Beginning	3,230	3,230	3,230	-
Fund Balance - Ending	$ -	$ -	$ 3,129	$ 3,129
STOP DIVERSION PROGRAM FUND				
Receipts	$ 151	$ 151	$ 480	$ 329
Disbursements	(2,810)	(2,810)	-	2,810
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(2,659)	(2,659)	480	3,139
Fund Balance - Beginning	2,810	2,810	2,810	-
Fund Balance - Ending	$ 151	$ 151	$ 3,290	$ 3,139

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2025
(Continued)

DRUG TRUST FUND	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts	$ 1	$ 1	$ -	$ (1)
Disbursements	(10,285)	(10,285)	-	10,285
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(10,284)	(10,284)	-	10,284
Fund Balance - Beginning	10,284	10,284	10,284	-
Fund Balance - Ending	$ -	$ -	$ 10,284	$ 10,284
LOTTERY FUND				
Receipts	$ 1	$ 1	$ 4	$ 3
Disbursements	(850)	(850)	-	850
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(849)	(849)	4	853
Fund Balance - Beginning	849	849	849	-
Fund Balance - Ending	$ -	$ -	$ 853	$ 853
SHERIFF'S COMMISSARY FUND				
Receipts	$ 101	$ 101	$ 534	$ 433
Disbursements	(1,200)	(1,200)	(542)	658
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(1,099)	(1,099)	(8)	1,091
Fund Balance - Beginning	1,445	1,445	1,446	1
Fund Balance - Ending	$ 346	$ 346	$ 1,438	$ 1,092
HOSPITAL BOND FUND				
Receipts	$ 353,293	$ 353,293	$ 359,051	$ 5,758
Disbursements	(394,890)	(394,890)	(394,350)	540
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Net Change in Fund Balance	(41,597)	(41,597)	(35,299)	6,298
Fund Balance - Beginning	134,181	134,181	134,181	-
Fund Balance - Ending	$ 92,584	$ 92,584	$ 98,882	$ 6,298

HARLAN COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS
For the Year Ended June 30, 2025

	Highway Street Fund	Visitors Promotion Fund	Preservation and Modernization Fund	Vets Aid
RECEIPTS				
Taxes	$ -	$ 21,635	$ -	$ -
Investment Income	-	-	-	91
Intergovernmental	-	-	-	-
Licenses and Permits	-	-	-	-
Charges for Services	-	-	3,072	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	-	21,635	3,072	91
DISBURSEMENTS				
General Government	-	-	5,513	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health and Sanitation	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	20,837	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL DISBURSEMENTS	-	20,837	5,513	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	798	(2,441)	91
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balances	-	798	(2,441)	91
FUND BALANCES - BEGINNING	-	30,806	7,119	11,060
FUND BALANCES - ENDING	$ -	$ 31,604	$ 4,678	$ 11,151
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	31,604	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	4,678	-
Debt Service				
Committed to:				
Law Enforcement	-	-	-	-
County Buildings	-	-	-	-
Road Bridge and Maintenance	-	-	-	-
Aid and Assistance	-	-	-	11,151
Equipment Purchases	-	-	-	-
Property Reappraisal	-	-	-	-
Community Betterment	-	-	-	-
TOTAL FUND BALANCES	$ -	$ 31,604	$ 4,678	$ 11,151

HARLAN COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS
(Continued)
For the Year Ended June 30, 2025

	Opioid Settlement Fund	Courthouse Improvement Sinking Fund	Highway Bridge Buyback Program Fund	COVID American Rescue Plan
RECEIPTS				
Taxes	$ -	$ -	$ -	$ -
Investment Income	-	-	-	-
Intergovernmental		-	166,307	-
Licenses and Permits	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	5,580	-	-	-
TOTAL RECEIPTS	5,580	-	166,307	-
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health and Sanitation	-	-	-	-
Public Assistance		-	-	495,883
Culture and Recreation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	-	42,740	-	-
TOTAL DISBURSEMENTS	-	42,740	-	495,883
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	5,580	(42,740)	166,307	(495,883)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balances	5,580	(42,740)	166,307	(495,883)
FUND BALANCES - BEGINNING	11,057	43,414	-	495,883
FUND BALANCES - ENDING	$ 16,637	$ 674	$ 166,307	$ -
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	-
Drug Education	16,637	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service				
Committed to:				
Law Enforcement	-	-	-	-
County Buildings	-	674	-	-
Road Bridge and Maintenance	-	-	166,307	-
Aid and Assistance	-	-	-	-
Equipment Purchases	-	-	-	-
Property Reappraisal	-	-	-	-
Community Betterment	-	-	-	-
TOTAL FUND BALANCES	$ 16,637	$ 674	$ 166,307	$ -

HARLAN COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS
(Continued)
For the Year Ended June 30, 2025

	Sherrif Equipment Sinking Fund	Reappraisal Fund	E911 Fund	Stop Diversion Program Fund
RECEIPTS				
Taxes	$ -	$ -	$ -	$ -
Investment Income	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and Permits	-	-	-	-
Charges for Services	-	-	3,829	480
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	-	-	3,829	480
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	-	3,930	-
Public Works	-	-	-	-
Health and Sanitation	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL DISBURSEMENTS	-	-	3,930	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	-	(101)	480
OTHER FINANCING SOURCES (USES)				
Transfers in	-	20,000	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	20,000	-	-
Net Change in Fund Balances	-	20,000	(101)	480
FUND BALANCES - BEGINNING	38,124	9,745	3,230	2,810
FUND BALANCES - ENDING	$ 38,124	$ 29,745	$ 3,129	$ 3,290
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	3,129	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service				
Committed to:				
Law Enforcement	-	-	-	3,290
County Buildings	-	-	-	-
Road Bridge and Maintenance	-	-	-	-
Aid and Assistance	-	-	-	-
Equipment Purchases	38,124	-	-	-
Property Reappraisal	-	29,745	-	-
Community Betterment	-	-	-	-
TOTAL FUND BALANCES	$ 38,124	$ 29,745	$ 3,129	$ 3,290

HARLAN COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS
(Continued)
For the Year Ended June 30, 2025

	Drug Trust Fund	Lottery Fund	Sheriff's Commissary Fund	Hospital Bond Fund	Total Nonmajor Funds
RECEIPTS					
Taxes	$ -	$ -	$ -	$ 304,574	$ 326,209
Investment Income	-	4	-	3,609	3,704
Intergovernmental	-	-	-	46,578	212,885
Licenses and Permits	-	-	-	-	-
Charges for Services	-	-	534	4,290	12,205
Miscellaneous	-	-	-	-	5,580
TOTAL RECEIPTS	-	4	534	359,051	560,583
DISBURSEMENTS					
General Government	-	-	-	-	5,513
Public Safety	-	-	542	-	4,472
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	495,883
Culture and Recreation	-	-	-	-	20,837
Miscellaneous	-	-	-	60	60
Debt Service:					
Principal Payments	-	-	-	390,000	390,000
Interest and Fiscal Charges	-	-	-	4,290	4,290
Capital Outlay	-	-	-	-	42,740
TOTAL DISBURSEMENTS	-	-	542	394,350	963,795
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	4	(8)	(35,299)	(403,212)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	20,000
Transfers out	-	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	20,000
Net Change in Fund Balances	-	4	(8)	(35,299)	(383,212)
FUND BALANCES - BEGINNING	10,284	849	1,446	134,181	800,008
FUND BALANCES - ENDING	$ 10,284	$ 853	$ 1,438	$ 98,882	$ 416,796
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	31,604
911 Emergency Services	-	-	-	-	3,129
Drug Education	-	-	-	-	16,637
Law Enforcement	10,284	-	-	-	10,284
Preservation of Records	-	-	-	-	4,678
Debt Service				98,882	98,882
Committed to:					
Law Enforcement	-	-	1,438	-	4,728
County Buildings	-	-	-	-	674
Road Bridge and Maintenance	-	-	-	-	166,307
Aid and Assistance	-	-	-	-	11,151
Equipment Purchases	-	-	-	-	38,124
Property Reappraisal	-	-	-	-	29,745
Community Betterment	-	853	-	-	853
TOTAL FUND BALANCES	$ 10,284	$ 853	$ 1,438	$ 98,882	$ 416,796

HARLAN COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2025

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCES JULY 1, 2024	$ 3,530	$ 63,800	$ 4,240	$ 250	$ -	$ 1,000	$ 72,820
RECEIPTS							
Charges for Services	40,427	3,565	9,742	585	865	-	55,184
Miscellaneous	-	-	-	-	27,077	-	27,077
State Fees	61,651	3,318	-	-	-	-	64,969
Other Receipts	-	131,992	16,442	-	-	-	148,434
TOTAL RECEIPTS	102,078	138,875	26,184	585	27,942	-	295,664
DISBURSEMENTS							
Payments to County Treasurer	39,415	2,640	12,402	585	27,942	-	82,984
Payments to State Treasurer	59,404	3,077	-	-	-	-	62,481
Petty Cash & Other Payments	-	-	-	-	-	-	-
Other Liabilities	-	184,230	17,122	-	-	-	201,352
TOTAL DISBURSEMENTS	98,819	189,947	29,524	585	27,942	-	346,817
BALANCES JUNE 30, 2025	$ 6,789	$ 12,728	$ 900	$ 250	$ -	$ 1,000	$ 21,667
BALANCES CONSIST OF:							
Due to County Treasurer	$ 2,838	$ 1,329	$ 900	$ -	$ -	$ -	5,067
Petty Cash	50			250	-	1,000	1,300
Due to State Treasurer	3,901	308		-	-	-	4,209
Due to Others	-	11,091		-	-		11,091
BALANCES JUNE 30, 2025	$ 6,789	$ 12,728	$ 900	$ 250	$ -	$ 1,000	$ 21,667

HARLAN COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
For the Year Ended June 30, 2025

Item	2020	2021	2022	2023	2024
Tax Certified by Assessor					
Real Estate	$ 11,442,657	$ 11,764,119	$ 12,123,681	$ 13,110,756	$ 10,078,520
Personal and Specials	584,665	680,957	709,099	895,666	790,982
Total	12,027,322	12,445,076	12,832,780	14,006,422	10,869,502
Corrections					
Additions	11,459	4,338	3,832	2,396	191
Deductions	(6,620)	(16,680)	(8,829)	(8,736)	(4,206)
Net Additions/ Deductions	4,839	(12,342)	(4,997)	(6,340)	(4,015)
Corrected Certified Tax	12,032,161	12,432,734	12,827,783	14,000,082	10,865,487
Net Tax Collected by County Treasurer during Fiscal Year Ending					
June 30, 2021	8,250,046	-	-	-	-
June 30, 2022	3,762,978	8,770,134	-	-	-
June 30, 2023	10,913	3,643,778	9,046,219	-	-
June 30, 2024	4,158	11,769	3,754,320	9,770,938	-
June 30, 2025			18,959	4,213,820	7,661,052
Total Net Collections	12,028,095	12,425,681	12,819,498	13,984,758	7,661,052
Total Uncollected Tax	$ 4,066	$ 7,053	$ 8,285	$ 15,324	$ 3,204,435
Percentage Uncollected Tax	0.03%	0.06%	0.06%	0.11%	29.49%

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 Commissioners
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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 10, 2026. 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 consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2025-1 to 2025-2 to be material weaknesses.

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.

Harlan County's Response to Findings
Government Auditing Standards require 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.



Seward, Nebraska
June 10, 2026

HARLAN COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025

Finding 2025-1 Financial Statement Preparation

Criteria: Good internal control requires entities have personnel in place to produce financial statements, which includes the notes to the financial statements, in accordance with GAAP and other applicable standards.

Condition: Though management demonstrates the capability of running a governmental organization, we noted a lack of expertise and knowledge was evident in the area of financial statement preparation in accordance with cash basis and other applicable standards. Additionally, numerous material audit adjustments were brought to management's attention during the audit.

Effect: Without proper personnel, there is an increased risk the financial statements may be materially misstated.

Recommendation: We recommend the County weigh the cost benefit of providing training to current personnel in the areas of GAAP and financial statement preparation or hiring additional personnel with this expertise.

Response: *The County will consider the costs benefit of training provisions or hiring additional personnel.*

Questioned Costs: No questioned costs were identified.

Finding 2025-2 Segregation of Duties

Criteria: Good internal control over financial reporting requires entities have proper segregation of duties in the accounting function so that no one person can authorize a transaction, record the transaction in account, and be responsible for the custody of the asset resulting from the transaction.

Condition: Though management demonstrates the capability of running a governmental organization, we noted a lack of segregation of duties as one person could handle all phases of a transaction from beginning to end.

Effect: Without proper segregation of duties, there is an increased risk the financial statements may be materially misstated.

Repeat Finding: Yes

Recommendation: We recommend the County weigh the cost benefit of hiring personnel with accounting function capabilities in order to properly segregate duties.

Response: *The County's Board will consider the costs benefit of hiring additional personnel. Additionally, the Board takes an active interest in the finances of the County and provides additional oversight.*

Questioned Costs: No questioned costs were identified