

**AUDIT REPORT
OF
RICHARDSON COUNTY**

JULY 1, 2016, THROUGH JUNE 30, 2017

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Issued on August 30, 2017

RICHARDSON COUNTY

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RICHARDSON COUNTY
1700 STONE STREET
FALLS CITY, NE 68355

LIST OF COUNTY OFFICIALS

At June 30, 2017

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Myron Davidson	Jan. 2019
	David Sickel	Jan. 2021
	Terry Frank	Jan. 2021
Assessor	Pam Vice	Jan. 2019
Attorney	Douglas Merz	Jan. 2019
Clerk	Mary Eickhoff	Jan. 2019
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Pamela Scott	Jan. 2019
Sheriff	Don Pounds	Jan. 2019
Surveyor	Robert Tichy	Jan. 2019
Treasurer	Austin Duerfeldt	Jan. 2019
Veterans' Service Officer	Mona Godemann	Appointed
Highway Superintendent	Scott Huppert	Appointed



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RICHARDSON COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Richardson County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the 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 aggregate remaining fund information of Richardson County as of June 30, 2017, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – 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.

Report on Supplementary Information

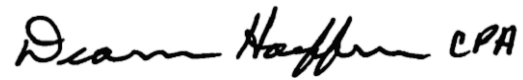
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 21-35, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such 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 August 15, 2017, on our consideration of Richardson 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 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 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 Richardson County's internal control over financial reporting and compliance.

August 15, 2017



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

RICHARDSON COUNTY
STATEMENT OF NET POSITION - CASH BASIS

June 30, 2017

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,765,601
Investments (Note 1.D)	397,662
TOTAL ASSETS	\$ 3,163,263
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 46,616
Drug Enforcement	8,437
Preservation of Records	7,483
Debt Service	497,067
Natural Disasters	275,122
Road Maintenance	440,268
Unrestricted	1,888,270
TOTAL NET POSITION	\$ 3,163,263

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

RICHARDSON COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2017

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	\$ (2,614,422)	\$ 296,651	\$ 143,210	\$ (2,174,561)
Public Safety	(2,140,795)	155,553	247,419	(1,737,823)
Public Works	(3,315,923)	-	1,343,201	(1,972,722)
Health and Sanitation	(48,287)	-	-	(48,287)
Public Assistance	(109,979)	-	-	(109,979)
Culture and Recreation	(46,640)	-	-	(46,640)
Debt Payments	(685,444)	-	-	(685,444)
Capital Outlay	(723,468)	-	-	(723,468)
Total Governmental Activities	\$ (9,684,958)	\$ 452,204	\$ 1,733,830	(7,498,924)

General Receipts:	
Property Taxes	5,456,865
Grants and Contributions Not Restricted to Specific Programs	773,393
Investment Income	13,806
Licenses and Permits	30,888
Bond Proceeds	268,587
Miscellaneous	141,605
Total General Receipts	6,685,144
Increase in Net Position	(813,780)
Net Position - Beginning of year	3,977,043
Net Position - End of year	\$ 3,163,263

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

RICHARDSON COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2017

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Road Buyback Program Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 444,490	\$ 417,518	\$ 310,889	\$ 440,268	\$ 1,152,436	\$ 2,765,601
Investments (Note 1.D)	-	-	397,662	-	-	397,662
TOTAL ASSETS	<u>\$ 444,490</u>	<u>\$ 417,518</u>	<u>\$ 708,551</u>	<u>\$ 440,268</u>	<u>\$ 1,152,436</u>	<u>\$ 3,163,263</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	46,616	46,616
Drug Enforcement	-	-	-	-	8,437	8,437
Preservation of Records	-	-	-	-	7,483	7,483
Debt Service	-	-	-	-	497,067	497,067
Natural Disasters	-	-	-	-	275,122	275,122
Road Maintenance	-	-	-	440,268	-	440,268
Committed to:						
Law Enforcement	-	-	-	-	272,905	272,905
Road Maintenance	-	417,518	-	-	19,636	437,154
Aid and Assistance	-	-	-	-	18,840	18,840
Unemployment Benefits	-	-	-	-	917	917
Weed Control	-	-	-	-	5,413	5,413
Assigned to:						
Other Purposes	-	-	708,551	-	-	708,551
Unassigned	444,490	-	-	-	-	444,490
TOTAL CASH BASIS FUND BALANCES	<u>\$ 444,490</u>	<u>\$ 417,518</u>	<u>\$ 708,551</u>	<u>\$ 440,268</u>	<u>\$ 1,152,436</u>	<u>\$ 3,163,263</u>

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

RICHARDSON COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General Fund	Road Fund	Inheritance Fund	Road Buyback Program Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$4,355,326	\$ -	\$ 386,053	\$ -	\$ 715,486	\$ 5,456,865
Licenses and Permits	27,388	3,500	-	-	-	30,888
Investment Income	13,806	-	-	-	-	13,806
Intergovernmental	649,110	1,332,307	-	291,450	234,356	2,507,223
Charges for Services	418,326	-	-	-	33,878	452,204
Miscellaneous	89,076	27,279	25,250	-	268,587	410,192
TOTAL RECEIPTS	<u>5,553,032</u>	<u>1,363,086</u>	<u>411,303</u>	<u>291,450</u>	<u>1,252,307</u>	<u>8,871,178</u>
DISBURSEMENTS						
General Government	2,590,571	-	-	-	23,851	2,614,422
Public Safety	1,728,791	-	258,724	-	153,280	2,140,795
Public Works	19,631	2,850,921	-	445,371	-	3,315,923
Health and Sanitation	48,287	-	-	-	-	48,287
Public Assistance	80,021	-	-	-	29,958	109,979
Culture and Recreation	-	-	-	-	46,640	46,640
Debt Service:						
Principal Payments	-	-	-	-	525,000	525,000
Interest and Fiscal Charges	-	-	-	-	160,444	160,444
Capital Outlay	-	-	-	-	723,468	723,468
TOTAL DISBURSEMENTS	<u>4,467,301</u>	<u>2,850,921</u>	<u>258,724</u>	<u>445,371</u>	<u>1,662,641</u>	<u>9,684,958</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,085,731</u>	<u>(1,487,835)</u>	<u>152,579</u>	<u>(153,921)</u>	<u>(410,334)</u>	<u>(813,780)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	390,000	1,562,627	89,690	-	28,404	2,070,721
Transfers out	(1,585,513)	-	(395,518)	-	(89,690)	(2,070,721)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,195,513)</u>	<u>1,562,627</u>	<u>(305,828)</u>	<u>-</u>	<u>(61,286)</u>	<u>-</u>
Net Change in Fund Balances	(109,782)	74,792	(153,249)	(153,921)	(471,620)	(813,780)
CASH BASIS FUND BALANCES - BEGINNING	<u>554,272</u>	<u>342,726</u>	<u>861,800</u>	<u>594,189</u>	<u>1,624,056</u>	<u>3,977,043</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 444,490</u>	<u>\$ 417,518</u>	<u>\$ 708,551</u>	<u>\$ 440,268</u>	<u>\$ 1,152,436</u>	<u>\$ 3,163,263</u>

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

RICHARDSON COUNTY
**STATEMENT OF FIDUCIARY ASSETS AND
 LIABILITIES - CASH BASIS**
FIDUCIARY FUNDS
 June 30, 2017

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 521,875
 LIABILITIES	
Due to other governments	
State	151,663
Schools	226,639
Educational Service Units	2,422
Technical College	12,144
Natural Resource Districts	4,948
Fire Districts	4,182
Municipalities	28,637
Agricultural Society	618
Drainage Districts	878
Others	89,744
TOTAL LIABILITIES	521,875
 TOTAL NET ASSETS	 \$ -

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Richardson 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.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region V – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$36,879 toward the operation of the Region during fiscal year 2017. 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the Southeast 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 2009, Cum. Supp. 2016).

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 2017. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2016). 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 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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 bridges and is primarily funded by State tax receipts.

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

Road Buyback Program 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.

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

Capital Project Fund. The Jail/Correction Complex Fund accounts for all resources received and used for the acquisition or development of major capital improvements.

Debt Service Funds. The Highway Allocation Bond Fund and Jail Bond Fund account 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits 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 \$1,274,993 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. 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.

RICHARDSON 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 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2009).

At year end, the County's carrying amount of deposits was \$2,765,601 for County funds and \$521,875 for Fiduciary funds. The bank balances for all funds totaled \$2,957,001. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2017, 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 \$397,662 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property 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.

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

The levy set in October 2016, for the 2016 taxes, which will be materially collected in May and September 2017, was set at \$.344051/\$100 of assessed valuation. The levy set in October 2015, for the 2015 taxes, which were materially collected in May and September 2016, was set at \$.347020/\$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 (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2016) 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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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.

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, 2017, 95 employees contributed \$127,092, and the County contributed \$189,066. Contributions included \$3,148 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$770 directly to seven 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 has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures. There was no significant reduction of insurance coverage from the prior year, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2017.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2017, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 1,562,627	\$ -	\$ -	\$ 1,562,627
Inheritance Fund	-	-	89,690	89,690
General Fund	-	390,000	-	390,000
Nonmajor Funds	22,886	5,518	-	28,404
Total	\$ 1,585,513	\$ 395,518	\$ 89,690	\$ 2,070,721

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, 2017, the County made a one-time transfer of \$89,690 from the Civil Defense Fund to the Inheritance Fund for reimbursement of a siren purchase.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Capital Leases Payable

Changes to the commitments under a lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	<u>Motor Grader</u>
Balance July 1, 2016	\$ 116,158
Purchases	-
Payments	116,158
Balance June 30, 2017	\$ -
Future Payments:	
Year	
2018	\$ -
Total Payments	-
Less Interest	-
Present Value of Future	
Minimum Lease Payments	\$ -
Carrying Value of the Related	
Fixed Asset	\$ 228,290

8. Contingent Liabilities

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

9. Long-Term Debt

Highway Allocation Bond Fund

The County issued bonds on May 17, 2011, in the amount of \$2,000,000 for the purpose of paying the costs of certain streets, highways, and roads within Richardson County. The County refinanced the Highway Allocation Bonds on March 17, 2016, in the amount of \$1,455,000. The bond payable balance, as of June 30, 2017, was \$1,365,000. 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

9. **Long-Term Debt** (Continued)

Future Payments:

Year	Principal	Interest	Total
2018	\$ 90,000	\$ 27,733	\$ 117,773
2019	90,000	26,967	116,967
2020	90,000	25,933	115,933
2021	90,000	24,897	114,897
2022	90,000	23,593	113,593
2023-2027	485,000	92,645	577,645
2028-2031	430,000	31,820	461,820
Total Payments	\$ 1,365,000	\$ 253,588	\$ 1,618,588

Law Enforcement Center Jail Bond Fund

The County issued bonds on June 30, 2015, in the amount of \$3,740,000 for the purpose of paying the costs of renovation and improving its existing law enforcement center and constructing an addition thereto, and certain costs of issuance related to the Bonds. The bond payable balance, as of June 30, 2017, was \$3,525,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2018	\$ 220,000	\$ 85,268	\$ 305,268
2019	225,000	82,871	307,871
2020	225,000	79,721	304,721
2021	230,000	75,908	305,908
2022	235,000	71,429	306,429
2023-2027	1,255,000	270,112	1,525,112
2028-2031	1,135,000	76,588	1,211,588
Total Payments	\$ 3,525,000	\$ 741,897	\$ 4,266,897

The County issued an additional bond on December 6, 2016, in the amount of \$273,000 to pay for the remaining costs of the Law Enforcement Center/Jail. The bond payable balance, as of June 30, 2017, was \$273,000. 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

9. Long-Term Debt (Concluded)

Future Payments:

Year	Principal	Interest	Total
2018	\$ 37,000	\$ 4,836	\$ 41,836
2019	38,000	4,123	42,123
2020	38,000	3,401	41,401
2021	39,000	2,669	41,669
2022	40,000	1,919	41,919
2023-2024	81,000	1,549	82,549
Total Payments	<u>\$ 273,000</u>	<u>\$ 18,497</u>	<u>\$ 291,497</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,631,844	\$ 4,631,844	\$ 4,355,326	\$ (276,518)
Licenses and Permits	24,500	24,500	27,388	2,888
Interest	10,000	10,000	13,806	3,806
Intergovernmental	334,652	334,652	649,110	314,458
Charges for Services	611,652	611,652	418,326	(193,326)
Miscellaneous	76,940	76,940	89,076	12,136
TOTAL RECEIPTS	<u>5,689,588</u>	<u>5,689,588</u>	<u>5,553,032</u>	<u>(136,556)</u>
DISBURSEMENTS				
General Government:				
County Commissioners	65,655	65,655	65,655	-
County Clerk	135,600	135,600	135,490	110
County Treasurer	168,248	168,248	168,248	-
County Assessor	183,285	183,285	163,339	19,946
Election Commissioner	65,050	65,050	60,791	4,259
Clerk of the District Court	76,135	76,135	76,135	-
County Court System	9,850	9,850	8,155	1,695
CDC - Child Support Agreement	21,266	21,266	18,387	2,879
Building and Grounds	160,000	163,571	163,571	-
Agricultural Extension Agent	52,885	52,885	51,834	1,051
Capital Acquisitions/Armory	129,000	129,000	128,497	503
Miscellaneous	1,579,568	1,575,997	1,550,469	25,528
Public Safety				
County Sheriff	439,985	439,985	388,114	51,871
County Attorney	71,900	71,900	65,548	6,352
Investigator	62,906	62,906	56,727	6,179
County Jail	633,858	633,858	590,090	43,768
Emergency Management	156,025	156,025	152,881	3,144
Humboldt Sheriff	99,746	99,746	87,956	11,790
Attorney - Child Support Agreement	80,950	80,950	79,974	976
Attorney - Incentive Match	29,980	29,980	29,736	244
Nuclear Accident Emergency Prepared	69,500	69,500	69,500	-
Miscellaneous	212,052	212,052	208,265	3,787
Public Works				
County Surveyor	14,161	14,161	12,207	1,954
Noxious Weed Control	12,500	12,500	7,424	5,076
Public Health				
Miscellaneous	54,879	54,879	48,287	6,592
Public Assistance				
Veterans' Service Officer	62,370	62,370	60,032	2,338
Miscellaneous	19,989	19,989	19,989	-
TOTAL DISBURSEMENTS	<u>4,667,343</u>	<u>4,667,343</u>	<u>4,467,301</u>	<u>200,042</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,022,245	1,022,245	1,085,731	63,486
OTHER FINANCING SOURCES (USES)				
Transfers in	300,862	300,862	390,000	89,138
Transfers out	(1,627,379)	(1,627,379)	(1,585,513)	41,866
TOTAL OTHER FINANCING SOURCES (USES)	(1,326,517)	(1,326,517)	(1,195,513)	131,004
Net Change in Fund Balance	(304,272)	(304,272)	(109,782)	194,490
FUND BALANCE - BEGINNING	554,272	554,272	554,272	-
FUND BALANCE - ENDING	\$ 250,000	\$ 250,000	\$ 444,490	\$ 194,490

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD/ BRIDGE FUND				
RECEIPTS				
Licenses and Permits	\$ -	\$ -	\$ 3,500	\$ 3,500
Intergovernmental	1,281,616	1,281,616	1,332,307	50,691
Charges for Services	500	500	-	(500)
Miscellaneous	10,000	10,000	27,279	17,279
TOTAL RECEIPTS	1,292,116	1,292,116	1,363,086	70,970
DISBURSEMENTS	3,536,195	3,536,195	2,850,921	685,274
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,244,079)	(2,244,079)	(1,487,835)	756,244
OTHER FINANCING SOURCES (USES)				
Transfers in	1,901,353	1,901,353	1,562,627	(338,726)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,901,353	1,901,353	1,562,627	(338,726)
Net Change in Fund Balance	(342,726)	(342,726)	74,792	417,518
FUND BALANCE - BEGINNING	342,726	342,726	342,726	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 417,518	\$ 417,518
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 64,182	\$ 64,182	\$ 386,053	\$ 321,871
Miscellaneous	24,018	24,018	25,250	1,232
TOTAL RECEIPTS	88,200	88,200	411,303	323,103
DISBURSEMENTS	650,000	650,000	258,724	391,276
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(561,800)	(561,800)	152,579	714,379
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	89,690	89,690
Transfers out	(300,000)	(300,000)	(395,518)	(95,518)
TOTAL OTHER FINANCING SOURCES (USES)	(300,000)	(300,000)	(305,828)	(5,828)
Net Change in Fund Balance	(861,800)	(861,800)	(153,249)	708,551
FUND BALANCE - BEGINNING	861,800	861,800	861,800	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 708,551	\$ 708,551

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ROAD BUYBACK PROGRAM FUND</u>				
RECEIPTS				
Intergovernmental	291,450	291,450	291,450	-
TOTAL RECEIPTS	291,450	291,450	291,450	-
DISBURSEMENTS	885,639	885,639	445,371	440,268
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(594,189)	(594,189)	(153,921)	440,268
Net Change in Fund Balance	(594,189)	(594,189)	(153,921)	440,268
FUND BALANCE - BEGINNING	594,189	594,189	594,189	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,268</u>	<u>\$ 440,268</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL MATCHING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(238,841)	(238,841)	-	238,841
Net Change in Fund Balance	(238,841)	(238,841)	-	238,841
Fund Balance - Beginning	238,841	238,841	238,841	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,841</u>	<u>\$ 238,841</u>
ROAD/ BRIDGE SINKING FUND				
Receipts	\$ -	\$ -	\$ 133	\$ 133
Disbursements	(19,503)	(19,503)	-	19,503
Net Change in Fund Balance	(19,503)	(19,503)	133	19,636
Fund Balance - Beginning	19,503	19,503	19,503	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,636</u>	<u>\$ 19,636</u>
CIVIL DEFENSE FUND				
Receipts	\$ 94,984	\$ 94,984	\$ 89,690	\$ (5,294)
Disbursements	(98,574)	(98,574)	(3,590)	94,984
Transfers in	-	-	-	-
Transfers out	-	-	(89,690)	(89,690)
Net Change in Fund Balance	(3,590)	(3,590)	(3,590)	-
Fund Balance - Beginning	3,590	3,590	3,590	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CHROMATOGRAPH FUND				
Receipts	\$ 1,659	\$ 1,659	\$ 1,447	\$ (212)
Disbursements	(5,700)	(5,700)	(823)	4,877
Net Change in Fund Balance	(4,041)	(4,041)	624	4,665
Fund Balance - Beginning	4,041	4,041	4,041	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,665</u>	<u>\$ 4,665</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ 14,000	\$ 14,000	\$ 15,379	\$ 1,379
Disbursements	(34,376)	(34,376)	(19,377)	14,999
Net Change in Fund Balance	(20,376)	(20,376)	(3,998)	16,378
Fund Balance - Beginning	20,376	20,376	20,376	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,378</u>	<u>\$ 16,378</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 14,000	\$ 14,000	\$ 15,379	\$ 1,379
Disbursements	(56,122)	(56,122)	(27,263)	28,859
Net Change in Fund Balance	(42,122)	(42,122)	(11,884)	30,238
Fund Balance - Beginning	42,122	42,122	42,122	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,238</u>	<u>\$ 30,238</u>
REGISTER OF DEEDS PRESERVE & MODERNIZE FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 5,486	\$ 486
Disbursements	(20,702)	(20,702)	(13,705)	6,997
Net Change in Fund Balance	(15,702)	(15,702)	(8,219)	7,483
Fund Balance - Beginning	15,702	15,702	15,702	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,483</u>	<u>\$ 7,483</u>
EMPLOYMENT SECURITY FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	(9,323)	10,677
Transfers in	18,260	18,260	8,500	(9,760)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,740)	(1,740)	(823)	917
Fund Balance - Beginning	1,740	1,740	1,740	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 917</u>	<u>\$ 917</u>
MEDICAL RELIEF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(60,000)	(60,000)	(26,961)	33,039
Transfers in	19,585	19,585	-	(19,585)
Transfers out	-	-	-	-
Net Change in Fund Balance	(40,415)	(40,415)	(26,961)	13,454
Fund Balance - Beginning	40,415	40,415	40,415	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,454</u>	<u>\$ 13,454</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INSTITUTIONS FUND				
Receipts	\$ -	\$ -	\$ 143	\$ 143
Disbursements	(7,000)	(7,000)	(2,997)	4,003
Transfers in	681	681	-	(681)
Transfers out	-	-	-	-
Net Change in Fund Balance	(6,319)	(6,319)	(2,854)	3,465
Fund Balance - Beginning	6,319	6,319	6,319	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,465</u>	<u>\$ 3,465</u>
VETERANS' AID FUND				
Receipts	\$ 1,573	\$ 1,573	\$ 1,494	\$ (79)
Disbursements	(2,000)	(2,000)	-	2,000
Net Change in Fund Balance	(427)	(427)	1,494	1,921
Fund Balance - Beginning	427	427	427	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,921</u>	<u>\$ 1,921</u>
JUVENILE DIVERSION PROGRAM FUND				
Receipts	\$ 3,000	\$ 3,000	\$ 22,623	\$ 19,623
Disbursements	(15,122)	(15,122)	(5,165)	9,957
Transfers in	12,122	12,122	-	(12,122)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	17,458	17,458
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,458</u>	<u>\$ 17,458</u>
STOP PROGRAM DIVERSION FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 2,800	\$ 800
Disbursements	(11,000)	(11,000)	(4,540)	6,460
Transfers in	9,000	9,000	8,835	(165)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	7,095	7,095
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,095</u>	<u>\$ 7,095</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(609)	(609)	-	609
Net Change in Fund Balance	(609)	(609)	-	609
Fund Balance - Beginning	609	609	609	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 609</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,973)	(4,973)	-	4,973
Net Change in Fund Balance	(4,973)	(4,973)	-	4,973
Fund Balance - Beginning	4,973	4,973	4,973	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,973</u>	<u>\$ 4,973</u>
SHERIFF COMMISSARY FUNDS				
Receipts	\$ 1,700	\$ 1,700	\$ 1,522	\$ (178)
Disbursements	(5,200)	(5,200)	(176)	5,024
Transfers in	3,500	3,500	3,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	4,846	4,846
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,846</u>	<u>\$ 4,846</u>
JUVENILE SERVICES FUND				
Receipts	\$ 83,629	\$ 83,629	\$ 80,611	\$ (3,018)
Disbursements	(130,542)	(130,542)	(139,809)	(9,267)
Transfers in	-	-	3,018	3,018
Transfers out	(12,122)	(12,122)	-	12,122
Net Change in Fund Balance	(59,035)	(59,035)	(56,180)	2,855
Fund Balance - Beginning	59,035	59,035	59,035	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,855</u>	<u>\$ 2,855</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JAIL BOND FUND				
Receipts	\$ 442,748	\$ 442,748	\$ 506,118	\$ 63,370
Disbursements	(800,000)	(800,000)	(566,747)	233,253
Net Change in Fund Balance	(357,252)	(357,252)	(60,629)	296,623
Fund Balance - Beginning	357,252	357,252	357,252	-
Fund Balance - Ending	\$ -	\$ -	\$ 296,623	\$ 296,623
HIGHWAY ALLOCATION BOND FUND				
Receipts	\$ 291,754	\$ 291,754	\$ 240,895	\$ (50,859)
Disbursements	(370,000)	(370,000)	(118,697)	251,303
Net Change in Fund Balance	(78,246)	(78,246)	122,198	200,444
Fund Balance - Beginning	78,246	78,246	78,246	-
Fund Balance - Ending	\$ -	\$ -	\$ 200,444	\$ 200,444
NATURAL DISASTER FUND				
Receipts	\$ 49,878	\$ 49,878	\$ -	\$ (49,878)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(325,000)	(325,000)	-	325,000
Net Change in Fund Balance	(275,122)	(275,122)	-	275,122
Fund Balance - Beginning	275,122	275,122	275,122	-
Fund Balance - Ending	\$ -	\$ -	\$ 275,122	\$ 275,122
NOXIOUS WEED FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	4,551	4,551
Transfers out	(862)	(862)	-	862
Net Change in Fund Balance	(862)	(862)	4,551	5,413
Fund Balance - Beginning	862	862	862	-
Fund Balance - Ending	\$ -	\$ -	\$ 5,413	\$ 5,413
JAIL/ CORRECTION COMPLEX FUND				
Receipts	\$ 270,000	\$ 270,000	\$ 268,587	\$ (1,413)
Disbursements	(724,881)	(724,881)	(723,468)	1,413
Net Change in Fund Balance	(454,881)	(454,881)	(454,881)	-
Fund Balance - Beginning	454,881	454,881	454,881	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Federal Matching Fund	Road/ Bridge Sinking Fund	Civil Defense Fund	Chromatograph Fund	Visitor's Promotion Fund
RECEIPTS					
Property Taxes	\$ -	\$ 133	\$ -	\$ -	\$ 15,379
Intergovernmental	-	-	89,690	-	-
Charges for Services	-	-	-	1,447	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	-	133	89,690	1,447	15,379
DISBURSEMENTS					
General Government	-	-	-	823	-
Public Safety	-	-	3,590	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	19,377
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	3,590	823	19,377
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	133	86,100	624	(3,998)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(89,690)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(89,690)	-	-
Net Change in Fund Balances	-	133	(3,590)	624	(3,998)
FUND BALANCES - BEGINNING	238,841	19,503	3,590	4,041	20,376
FUND BALANCES - ENDING	\$ 238,841	\$ 19,636	\$ -	\$ 4,665	\$ 16,378
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	16,378
Drug Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Natural Disasters	-	-	-	-	-
Committed to:					
Law Enforcement	238,841	-	-	4,665	-
Road Maintenance	-	19,636	-	-	-
Aid and Assistance	-	-	-	-	-
Unemployment Benefits	-	-	-	-	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	\$ 238,841	\$ 19,636	\$ -	\$ 4,665	\$ 16,378

(Continued)

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Visitor's Improvement Fund	Register of Deeds Preserve & Modernize Fund	Employment Security Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund
RECEIPTS						
Property Taxes	\$ 15,379	\$ -	\$ -	\$ -	\$ 2	\$ 1,355
Intergovernmental	-	-	-	-	141	139
Charges for Services	-	5,486	-	-	-	-
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>15,379</u>	<u>5,486</u>	<u>-</u>	<u>-</u>	<u>143</u>	<u>1,494</u>
DISBURSEMENTS						
General Government	-	13,705	9,323	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	26,961	2,997	-
Culture and Recreation	27,263	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>27,263</u>	<u>13,705</u>	<u>9,323</u>	<u>26,961</u>	<u>2,997</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(11,884)</u>	<u>(8,219)</u>	<u>(9,323)</u>	<u>(26,961)</u>	<u>(2,854)</u>	<u>1,494</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	8,500	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(11,884)	(8,219)	(823)	(26,961)	(2,854)	1,494
FUND BALANCES - BEGINNING	<u>42,122</u>	<u>15,702</u>	<u>1,740</u>	<u>40,415</u>	<u>6,319</u>	<u>427</u>
FUND BALANCES - ENDING	<u>\$ 30,238</u>	<u>\$ 7,483</u>	<u>\$ 917</u>	<u>\$ 13,454</u>	<u>\$ 3,465</u>	<u>\$ 1,921</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	30,238	-	-	-	-	-
Drug Enforcement	-	-	-	-	-	-
Preservation of Records	-	7,483	-	-	-	-
Debt Service	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	13,454	3,465	1,921
Unemployment Benefits	-	-	917	-	-	-
Weed Control	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 30,238</u>	<u>\$ 7,483</u>	<u>\$ 917</u>	<u>\$ 13,454</u>	<u>\$ 3,465</u>	<u>\$ 1,921</u>

(Continued)

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Juvenile Diversion Program Fund	STOP Program Diversion Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Sheriff Commissary Funds	Juvenile Services Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	80,611
Charges for Services	22,623	2,800	-	-	1,522	-
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>22,623</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>1,522</u>	<u>80,611</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	5,165	4,540	-	-	176	139,809
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>5,165</u>	<u>4,540</u>	<u>-</u>	<u>-</u>	<u>176</u>	<u>139,809</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>17,458</u>	<u>(1,740)</u>	<u>-</u>	<u>-</u>	<u>1,346</u>	<u>(59,198)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	8,835	-	-	3,500	3,018
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>8,835</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,018</u>
Net Change in Fund Balances	17,458	7,095	-	-	4,846	(56,180)
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>609</u>	<u>4,973</u>	<u>-</u>	<u>59,035</u>
FUND BALANCES - ENDING	<u>\$ 17,458</u>	<u>\$ 7,095</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 4,846</u>	<u>\$ 2,855</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Drug Enforcement	-	-	609	4,973	-	2,855
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	17,458	7,095	-	-	4,846	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
Unemployment Benefits	-	-	-	-	-	-
Weed Control	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 17,458</u>	<u>\$ 7,095</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 4,846</u>	<u>\$ 2,855</u>

(Continued)

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Jail Bond Fund	Highway Allocation Bond Fund	Natural Disaster Fund	Noxious Weed Fund	Jail/ Correction Complex Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ 465,726	\$ 217,512	\$ -	\$ -	\$ -	\$ 715,486
Intergovernmental	40,392	23,383	-	-	-	234,356
Charges for Services	-	-	-	-	-	33,878
Miscellaneous	-	-	-	-	268,587	268,587
TOTAL RECEIPTS	506,118	240,895	-	-	268,587	1,252,307
DISBURSEMENTS						
General Government	-	-	-	-	-	23,851
Public Safety	-	-	-	-	-	153,280
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	29,958
Culture and Recreation	-	-	-	-	-	46,640
Debt Service:						
Principal Payments	435,000	90,000	-	-	-	525,000
Interest and Fiscal Charges	131,747	28,697	-	-	-	160,444
Capital Projects	-	-	-	-	723,468	723,468
TOTAL DISBURSEMENTS	566,747	118,697	-	-	723,468	1,662,641
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(60,629)	122,198	-	-	(454,881)	(410,334)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	4,551	-	28,404
Transfers out	-	-	-	-	-	(89,690)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	4,551	-	(61,286)
Net Change in Fund Balances	(60,629)	122,198	-	4,551	(454,881)	(471,620)
FUND BALANCES - BEGINNING	357,252	78,246	275,122	862	454,881	1,624,056
FUND BALANCES - ENDING	\$ 296,623	\$ 200,444	\$ 275,122	\$ 5,413	\$ -	\$ 1,152,436
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	46,616
Drug Enforcement	-	-	-	-	-	8,437
Preservation of Records	-	-	-	-	-	7,483
Debt Service	296,623	200,444	-	-	-	497,067
Natural Disasters	-	-	275,122	-	-	275,122
Committed to:						
Law Enforcement	-	-	-	-	-	272,905
Road Maintenance	-	-	-	-	-	19,636
Aid and Assistance	-	-	-	-	-	18,840
Unemployment Benefits	-	-	-	-	-	917
Weed Control	-	-	-	5,413	-	5,413
TOTAL FUND BALANCES	\$ 296,623	\$ 200,444	\$ 275,122	\$ 5,413	\$ -	\$ 1,152,436

(Concluded)

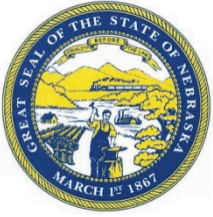
RICHARDSON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2017

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCES JULY 1, 2016	\$ 7,206	\$ 35,477	\$ 9,184	\$ 4,201	\$ 5,705	\$ 3,786	\$ 65,559
RECEIPTS							
Property Taxes	-	-	2,551	-	-	-	2,551
Licenses and Permits	1,275	-	520	-	-	-	1,795
Intergovernmental	-	-	18,556	-	-	-	18,556
Charges for Services	49,375	11,573	58,185	700	20,747	-	140,580
Miscellaneous	-	-	5,597	-	-	646	6,243
State Fees	41,567	12,508	41	-	225	-	54,341
Other Liabilities	-	303,534	122,045	34,344	-	-	459,923
TOTAL RECEIPTS	92,217	327,615	207,495	35,044	20,972	646	683,989
DISBURSEMENTS							
Payments to County Treasurer	50,441	11,606	48,962	731	24,091	-	135,831
Payments to State Treasurer	40,776	11,802	114	-	-	-	52,692
Other Liabilities	-	264,151	129,703	34,679	-	1,907	430,440
TOTAL DISBURSEMENTS	91,217	287,559	178,779	35,410	24,091	1,907	618,963
BALANCES JUNE 30, 2017	<u>\$ 8,206</u>	<u>\$ 75,533</u>	<u>\$ 37,900</u>	<u>\$ 3,835</u>	<u>\$ 2,586</u>	<u>\$ 2,525</u>	<u>\$ 130,585</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,433	\$ 706	\$ 29,472	\$ 30	\$ 1,586	\$ 2,525	\$ 38,752
Petty Cash	150	-	3,000	-	1,000	-	4,150
Due to State Treasurer	3,623	1,226	22	-	-	-	4,871
Due to Others	-	73,601	5,406	3,805	-	-	82,812
BALANCES JUNE 30, 2017	<u>\$ 8,206</u>	<u>\$ 75,533</u>	<u>\$ 37,900</u>	<u>\$ 3,835</u>	<u>\$ 2,586</u>	<u>\$ 2,525</u>	<u>\$ 130,585</u>

RICHARDSON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2017

Item	2012	2013	2014	2015	2016
Tax Certified by Assessor					
Real Estate	\$ 14,882,690	\$ 15,817,593	\$ 18,073,156	\$ 19,976,860	\$ 20,293,595
Personal and Specials	1,032,880	1,127,153	1,293,422	1,294,780	1,179,376
Total	15,915,570	16,944,746	19,366,578	21,271,640	21,472,971
Corrections					
Additions	2,944	1,382	1,542	1,382	1,145
Deductions	(13,567)	(4,941)	(6,608)	(610)	(1,257)
Net Additions/ (Deductions)	(10,623)	(3,559)	(5,066)	772	(112)
Corrected Certified Tax	15,904,947	16,941,187	19,361,512	21,272,412	21,472,859
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2013	10,226,730	-	-	-	-
June 30, 2014	5,662,310	10,962,291	-	-	-
June 30, 2015	12,485	5,963,716	12,674,398	-	-
June 30, 2016	2,397	11,329	6,669,278	13,718,553	-
June 30, 2017	178	1,303	9,857	7,528,821	13,956,096
Total Net Collections	15,904,100	16,938,639	19,353,533	21,247,374	13,956,096
Total Uncollected Tax	\$ 847	\$ 2,548	\$ 7,979	\$ 25,038	\$ 7,516,763
Percentage Uncollected Tax	0.01%	0.02%	0.04%	0.12%	35.01%

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



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RICHARDSON 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
Richardson 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 Richardson County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Richardson County's basic financial statements, and have issued our report thereon dated August 15, 2017. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Richardson County's internal control over financial reporting (internal control) to determine the 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 Richardson County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency 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. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

County's Response: We are aware of this concern and understand that it is at times impossible for proper segregation of duties due to limited staff. It is correct to say that funds are also limited to hire more staffing to separate these duties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Richardson 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 determination of financial statement amounts. 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 Richardson County in a separate letter dated August 15, 2017.

Richardson County's Response to Findings

Richardson County's response to the findings identified in our audit is described above. Richardson County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

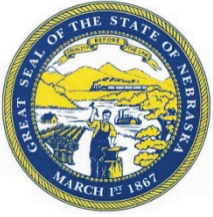
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

August 15, 2017



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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August 15, 2017

Board of Commissioners
Richardson County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Richardson County (County) for the fiscal year ended June 30, 2017, and have issued our report thereon dated August 15, 2017. 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 OVERALL

Segregation of Duties

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

We noted 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. This was also noted in prior audits.

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

County's Response: We are aware of this concern and understand that it is at times impossible for proper segregation of duties due to limited staff. It is correct to say that funds are also limited to hire more staffing to separate these duties.

COUNTY SHERIFF

Accounting Procedures

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

- At June 30, 2017, office records indicated an unexplained cash long of \$7,638. This amount was increased from the prior fiscal year due to the County Sheriff receiving an unsupported amount of \$2,268 from the County Board in June 2017.
- Complete and accurate bank reconciliations were not performed on a monthly basis for the entire fiscal year.
- Errors noted on the office's fee sheets included the following:
 - The amount remitted to the County Treasurer for fees and mileage in between February 2017 and June 2017 were the amounts collected, not the amounts earned.
 - A prisoner lodging receipt of \$2,355 was received in February 2017, but it had not been remitted as of June 30, 2017.
- The County Sheriff did not submit an office inventory to the County Board in 2016.

This comment was included in prior-year reports. Prior-year discrepancies have not been corrected, contributing to the balancing issues.

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

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

Neb. Rev. Stat. § 23-347 (Reissue 2012) requires the following:

Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer.

In addition, good internal control requires procedures to be in place to ensure the following: 1) assets (cash on hand, reconciled bank statement, and accounts receivable) agree with office liabilities (fees, trust accounts, and accounts payable); 2) bank reconciliations are performed timely and accurately; 3) all monies received are recorded; and 4) all financial records are complete and accurate.

We recommend the County Sheriff implement numerous financial procedures, including complete and accurate recording of all financial activity, as well as timely, documented monthly balancing procedures, including bank reconciliations and analysis of bank activity.

Inmate Trust/Commissary Account Procedures

During fiscal year 2017, the County Sheriff's office implemented a new system to receipt and disburse inmate trust funds. In anticipation of the new system, the County Sheriff's office opened a new bank account in July 2016, and the new system was implemented September 1, 2016. The system allows individuals to deposit money into inmates' trust accounts through an automated kiosk at the County Sheriff's office or through a website. These funds can then be used by inmates to purchase various commissary items or to pay bonds and/or fines and costs to the Courts. The new system was implemented to reduce the amount of cash handled by the office and to streamline the inmate trust fund process. We identified several issues with the office's procedures over the new inmate trust fund account, as detailed below:

- The office did not reconcile the bank account balance to the balance per the system at all during the fiscal year. Additionally, bank statements were not even received until requested by the APA during the audit. Because the County Sheriff's office did not reconcile the bank account, the APA performed the bank reconciliation as of June 30, 2017, and noted several reconciling items. In addition to these reconciling items, the APA also noted the bank balance was short \$3 as compared to the system balance. No one at the County Sheriff's office was able to explain this variance.
- The County Sheriff's office has \$3,000 in authorized petty cash. To open the new bank account, \$300 of the petty cash was transferred to the new bank account. Petty cash was not reconciled to the authorized amount during the fiscal year. When reconciling the bank account, the APA noted \$230 in bank charges withdrawn from the bank account in August 2016. No one at the Sheriff's office was able to explain what these charges were for. The Sheriff's office should review these charges, and either seek reimbursement from the bank if the charges are improper or submit a petty cash reimbursement claim to the County if the office determines the charges are appropriate.
- The County's fiscal year 2017 budget message includes that the County Sheriff's office received an additional \$1,000 in petty cash for the new inmate trust account. However, the County Sheriff's office never received an additional \$1,000 in petty cash. Instead, \$300 was transferred to the account, as noted previously.
- Money is receipted to a specific inmate's account when originally received. If an inmate makes a commissary purchase or needs to pay the Courts, funds are deducted from the inmate's account balance and placed in a holding account until the funds are paid out to the proper party. We noted an adequate review of holding account balances in the system was not performed to ensure balances were correct and paid out timely to the proper party.

A good internal control plan and sound business practices require that bank statements are received monthly and reconciled to the system, and any reconciling items are identified and appropriate action taken in a timely manner. Additionally, a good internal control plan requires that petty cash is periodically reconciled to the authorized amount, balances recorded in the system are reviewed to ensure they are accurate, and appropriate action is taken to pay out or otherwise resolve the balance timely. Finally, Neb. Rev. Stat. § 23-106(2) (Reissue 2012) requires petty cash funds held by County offices to be stated in the County's budget message.

When bank statements are not received and reconciled to the system in a timely manner, petty cash is not reconciled to the authorized amount, and trust balances recorded in the system are not reviewed, there is an increased risk for errors and/or irregularities to occur and remain undetected.

We recommend the County Sheriff's office implement procedures to ensure bank statements are received monthly and reconciled to the system. Reconciling items should be resolved in a timely manner. Furthermore, we recommend petty cash be reconciled to the authorized amount monthly and the County's budget message accurately describe petty cash funds held by County offices. Finally, we recommend transactions and balances recorded in the system be reviewed and any corrective action necessary be taken in a timely manner.

Receipt Testing

During our audit, we noted the following:

- The County Sheriff did not have a contract on file for prisoner boarding rates charged, resulting in three receipts, totaling \$21,615, that could not be traced to a contractual rate. Also, the receipt of one gun permit for \$5 could not be traced to supporting documentation.
- For one bond receipt tested, the money was not remitted to the County Court until 57 days later.
- For two receipts tested, the amount of mileage charged was less than the actual mileage traveled, resulting in \$31 not being properly collected.
- One receipt, totaling \$17,655, was not deposited until 22 days after receipt.

Good internal controls require adequate documentation to support receipts and amounts charged. Good internal controls also require receipts to be deposited within seven days of receipt.

Without adequate procedures to safeguard and deposit receipts in a timely manner, there is an increased risk for the loss or theft of funds. Not charging the actual mileage traveled results in a loss of funds.

We recommend the County Sheriff obtain and maintain supporting documentation for all receipts. We further recommend that receipts be deposited within seven days.

Petty Cash

At June 30, 2017, the County Sheriff's petty cash fund, which was authorized for \$3,000, was short by \$66. We also noted that the County Sheriff had two petty cash bank accounts; however, one of the accounts was rarely used.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) gives the County Board the sole authority to establish petty cash funds "for the purpose of making payments for subsidiary general operational expenditures and purchases." Furthermore, good internal controls require procedures to ensure all petty cash funds are maintained at the authorized amount.

When petty cash funds are not maintained at the approved amount, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Sheriff implement procedures to ensure all petty cash funds are maintained and reconciled to the authorized amount. We also recommend the County Sheriff close one of the petty cash bank accounts.

Unclaimed Property

During our audit, we noted that the County Sheriff held four checks, totaling \$37, which had remained unclaimed for more than three years and had not been remitted to the State Treasurer in accordance with the Uniform Disposition of Unclaimed Property Act (Act). This was also noted in prior audits.

The Act is set out at Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2009, Cum. Supp. 2016). Section 69-1307.01 of the Act states that intangible personal property held by public entities or political subdivisions that remains unclaimed for more than three years is presumed abandoned. Section 69-1310(d) requires that such items be reported to the Nebraska State Treasurer before November 1 of each year as of June 30 next proceeding.

When all unclaimed property is not remitted to the State Treasurer in accordance with the Act, the County Sheriff is not in compliance with State statute. This comment was also noted in the prior audit.

We recommend the County Sheriff remit all unclaimed property to the State Treasurer in accordance with State statute.

COUNTY BOARD

Publishing of Board Minutes

Neb. Rev. Stat. § 23-122 (Reissue 2012) requires the County Board to publish, within 10 working days after the close of each meeting, "a brief statement of the proceedings thereof." Such statement must include "the amount of each claim allowed, the purpose of the claim, and the name of the claimant."

During our audit, we noted County Board minutes were not published within 10 working days of the meeting for 19 publications, beginning with the February 21, 2017, County Board meeting.

When meeting minutes or a brief statement of the proceedings are not published within 10 days of a County Board meeting, not only is the County not compliant with § 23-122, but also the general public is not made aware of relevant Board discussions and/or actions in a timely manner.

We recommend the County Board ensure a brief statement of the proceedings are published within 10 working days of the close of a meeting.

County's Response: The Falls City Journal publishes once a week and at different times it is not possible to achieve this requirement due to holidays and at times the newspaper does not have the space available to print the item that week. The County Board Minutes and all legal publications are also posted on the Richardson County website.

Legislation needs to be passed to allow either more time for publication or to approve the posting of the legal notice on a website as a legal publication in addition to the newspaper legal publication.

COUNTY CLERK

Fee Book Activity

During the audit, we noted the following issues with the County Clerk's accounting procedures:

- At June 30, 2017, office records indicated a short of \$42.
- One receipt from November 2016, totaling \$9, was not properly remitted to the County Treasurer.

Sound accounting practices and good internal control require procedures to be in place to ensure office assets (cash on hand, reconciled bank balance, accounts payable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

The failure to account appropriately for all monies received and to determine asset-to-liability balancing variances increases the risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Clerk account for all money received and ensure a reconciliation of records is done to account for all fees collected.

County's Response: The funds short of \$42.00 in the fee account will be deposited and the \$9.00 from the November, 2016 fee report will be remitted to the County Treasurer. Procedures will be reviewed to assure that errors are determined and corrected during reconciliation.

COUNTY HIGHWAY DEPARTMENT

Petty Cash Claims

During our audit, we noted the following:

- Meal purchases from January and March 2017, totaling \$70, were denied by the County Board due to a lack of itemized receipts, but they have yet to be reimbursed by employees.
- One claim for the purchase of a computer anti-virus program, totaling \$50, lacked supporting documentation.
- Lodging taxes of \$28 were paid as a result of a hotel bill not being directly billed to the County.

Good internal control requires petty cash claims and employee expense reimbursements to have adequate, detailed supporting documentation that provides evidence for the amounts claimed. Additionally, sound accounting practices require follow-up of denied petty cash claims to ensure proper collection.

When claims are approved without adequate, detailed documentation providing evidence for the amounts claimed, there is an increased risk of loss, theft, or misuse of County funds.

We recommend all claims have adequate, detailed supporting documentation to evidence amounts claimed, and direct billing is used to prevent unnecessary taxes from being paid. We further recommend the County ensure money is properly refunded when claims are denied.

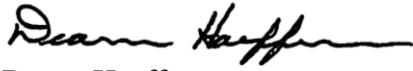
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Deann Haeffner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Deann Haeffner
Assistant Deputy Auditor