

**AUDIT REPORT
OF
RICHARDSON COUNTY**

JULY 1, 2017, THROUGH JUNE 30, 2018

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the Auditor of Public Accounts.**

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Issued on October 9, 2018

RICHARDSON COUNTY

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RICHARDSON COUNTY
1700 Stone St.
Falls City, NE 68355

LIST OF COUNTY OFFICIALS
At June 30, 2018

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	David Sickel Terry Frank Myron Davidson	Jan. 2021 Jan. 2021 Jan. 2019
Assessor	Pam Vice	Jan. 2019
Attorney	Douglas Merz	Jan. 2019
Clerk Election Commissioner Register of Deeds	Mary Eickhoff	Jan. 2019
Clerk of the District Court	Pamela Scott	Jan. 2019
Sheriff	Don Pounds	Jan. 2019
Surveyor	Robert Tichy	Jan. 2019
Treasurer	Amanda Bartek-Young	Jan. 2019
Veterans' Service Officer	Mona Godemann	Appointed
Weed Superintendent	John Lyons	Appointed
Emergency Manager	Brian Kirkendall	Appointed
Highway Superintendent	Steve Darveau	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, 2018, 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, 2018, 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 18-31, 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 September 25, 2018, 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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 25, 2018

RICHARDSON COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,309,424
Investments (Note 1.D)	1,571,731
TOTAL ASSETS	\$ 3,881,155
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 35,592
Drug Education	609
Law Enforcement	4,973
Preservation of Records	2,099
Debt Service	682,734
Road Maintenance	320,180
Natural Disasters	204,764
Unrestricted	2,630,204
TOTAL NET POSITION	\$ 3,881,155

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, 2018

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	\$ (2,864,059)	\$ 382,860	\$ 117,387	\$ (2,363,812)
Public Safety	(1,680,476)	169,791	158,617	(1,352,068)
Public Works	(3,181,304)	53,403	1,398,995	(1,728,906)
Public Assistance	(71,188)	-	-	(71,188)
Culture and Recreation	(40,456)	-	-	(40,456)
Debt Payments	(704,386)	-	-	(704,386)
Total Governmental Activities	\$ (8,541,869)	\$ 606,054	\$ 1,674,999	(6,260,816)
 General Receipts:				
Property Taxes				5,691,619
Grants and Contributions Not Restricted to Specific Programs				998,743
Investment Income				27,215
Licenses and Permits				27,990
Insurance Settlement				68,386
Miscellaneous				164,755
Total General Receipts				6,978,708
Increase in Net Position				717,892
Net Position - Beginning of year				3,163,263
Net Position - End of year				\$ 3,881,155

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, 2018

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 39,098	\$ 707,053	\$ -	\$ 1,563,273	\$ 2,309,424
Investments (Note 1.D)	708,218	-	863,513	-	1,571,731
TOTAL ASSETS	\$ 747,316	\$ 707,053	\$ 863,513	\$ 1,563,273	\$ 3,881,155
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	35,592	35,592
Drug Education	-	-	-	609	609
Law Enforcement	-	-	-	4,973	4,973
Preservation of Records	-	-	-	2,099	2,099
Debt Service	-	-	-	682,734	682,734
Road Maintenance	-	-	-	320,180	320,180
Natural Disasters	-	-	-	204,764	204,764
Committed to:					
Law Enforcement	-	-	-	279,321	279,321
Road Maintenance	-	707,053	-	19,711	726,764
Aid and Assistance	-	-	-	13,290	13,290
Assigned to:					
Other Purposes	-	-	863,513	-	863,513
Unassigned	747,316	-	-	-	747,316
TOTAL CASH BASIS FUND BALANCES	\$ 747,316	\$ 707,053	\$ 863,513	\$ 1,563,273	\$ 3,881,155

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, 2018

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$4,402,123	\$ -	\$ 667,363	\$ 622,133	\$ 5,691,619
Licenses and Permits	27,890	100	-	-	27,990
Investment Income	27,215	-	-	-	27,215
Intergovernmental	673,503	1,529,361	-	470,878	2,673,742
Charges for Services	533,060	53,403	-	19,591	606,054
Miscellaneous	102,225	130,140	-	776	233,141
TOTAL RECEIPTS	<u>5,766,016</u>	<u>1,713,004</u>	<u>667,363</u>	<u>1,113,378</u>	<u>9,259,761</u>
DISBURSEMENTS					
General Government	2,777,249	-	74,418	12,392	2,864,059
Public Safety	1,589,406	-	-	91,070	1,680,476
Public Works	18,342	2,763,749	-	399,213	3,181,304
Public Assistance	64,519	-	-	6,669	71,188
Culture and Recreation	-	-	-	40,456	40,456
Debt Service:					
Principal Payments	-	-	236,000	352,000	588,000
Interest and Fiscal Charges	-	-	1,983	114,403	116,386
TOTAL DISBURSEMENTS	<u>4,449,516</u>	<u>2,763,749</u>	<u>312,401</u>	<u>1,016,203</u>	<u>8,541,869</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,316,500</u>	<u>(1,050,745)</u>	<u>354,962</u>	<u>97,175</u>	<u>717,892</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	210,395	1,340,280	-	5,787	1,556,462
Transfers out	(1,224,069)	-	(200,000)	(132,393)	(1,556,462)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,013,674)</u>	<u>1,340,280</u>	<u>(200,000)</u>	<u>(126,606)</u>	<u>-</u>
Net Change in Fund Balances	302,826	289,535	154,962	(29,431)	717,892
CASH BASIS FUND BALANCES - BEGINNING					
	<u>444,490</u>	<u>417,518</u>	<u>708,551</u>	<u>1,592,704</u>	<u>3,163,263</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 747,316</u>	<u>\$ 707,053</u>	<u>\$ 863,513</u>	<u>\$ 1,563,273</u>	<u>\$ 3,881,155</u>

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

RICHARDSON COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 411,532
 LIABILITIES	
Due to other governments	
State	143,562
Schools	200,206
Educational Service Units	2,088
Technical College	12,623
Natural Resource Districts	4,096
Fire Districts	3,653
Municipalities	31,261
Agricultural Society	499
Others	13,544
TOTAL LIABILITIES	411,532
 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, 2018

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 \$40,749 toward the operation of the Region during fiscal year 2018. 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 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, Supp. 2017).

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2018. 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. 2017). 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 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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.

Debt Service Fund. 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.

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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

D. Assets and Net Position

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,250,951 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.

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.

Excess of Disbursements Over Appropriations. For the year ended June 30, 2018, disbursements exceeded budgeted appropriations in the Juvenile Services Fund by \$2,936. These over-expenditures were the result of a transfer out of the fund to correct a receipt that was incorrectly posted to the fund.

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 \$2,309,424 for County funds and \$411,532 for Fiduciary funds. The bank balances for all funds totaled \$2,705,034. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments** (Concluded)

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$1,571,731 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.

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 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.340156/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.344051/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2016, Supp. 2017) 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 2018, 98 employees contributed \$136,083, and the County contributed \$202,207. Contributions included \$3,838 in cash contributions towards the supplemental law enforcement plan for nine law enforcement employees. Lastly, the County paid \$747 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 were no significant reductions of insurance coverage from the prior year, and the County did not incur any expenses that exceeded the coverage amount for the fiscal year ended June 30, 2018.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 1,224,069	\$ -	\$ 116,211	\$ 1,340,280
General Fund	-	200,000	10,395	210,395
Nonmajor Funds	-	-	5,787	5,787
Total	\$ 1,224,069	\$ 200,000	\$ 132,393	\$ 1,556,462

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Interfund Transfers (Concluded)

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 fiscal year ended June 30, 2018, the County closed the Chromatograph Fund, Institutions Fund, and Noxious Weed Fund. Balances of \$4,665, \$317, and \$5,413, respectively, were transferred to the General Fund. Additionally, the County made a one-time transfer of \$116,211 from the Natural Disaster Fund to the Road Fund to reimburse costs originally paid from the Road Fund.

7. 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.

8. Long-Term Debt

Highway Allocation Bond

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, 2018, was \$1,275,000. 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
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	95,000	22,287	117,287
2024-2028	490,000	82,440	572,440
2029-2031	330,000	19,738	349,738
Total Payments	\$ 1,275,000	\$ 225,855	\$ 1,500,855

Law Enforcement Center Jail Bond

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, 2018, was \$3,305,000. 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)

8. Long-Term Debt (Concluded)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	240,000	66,320	306,320
2024-2028	1,285,000	236,470	1,521,470
2029-2031	865,000	43,910	908,910
Total Payments	<u>\$ 3,305,000</u>	<u>\$ 656,929</u>	<u>\$ 3,961,629</u>

The County issued an additional bond on December 6, 2016, in the amount of \$273,000 for the purpose of paying the costs of the Law Enforcement Center/Jail. During fiscal year 2018, the County paid off the remaining balance of \$236,000 plus accumulated interest using the available fund balance in the Inheritance Tax Fund.

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,732,611	\$ 4,732,611	\$ 4,402,123	\$ (330,488)
Licenses and Permits	25,500	25,500	27,890	2,390
Interest	10,000	10,000	27,215	17,215
Intergovernmental	346,016	346,016	673,503	327,487
Charges for Services	506,300	506,300	533,060	26,760
Miscellaneous	18,900	18,900	102,225	83,325
TOTAL RECEIPTS	<u>5,639,327</u>	<u>5,639,327</u>	<u>5,766,016</u>	<u>126,689</u>
DISBURSEMENTS				
General Government:				
County Board	67,905	67,905	67,905	-
County Clerk	167,650	167,650	154,555	13,095
County Treasurer	166,834	166,834	156,815	10,019
County Assessor	220,295	220,295	213,976	6,319
Election Commissioner	75,025	75,025	66,046	8,979
Clerk of the District Court	81,162	81,162	81,162	-
County Court System	9,850	9,850	8,313	1,537
CDC - Child Support Agreement	24,253	24,253	22,768	1,485
Building and Grounds	153,900	153,900	153,392	508
Agricultural Extension Agent	53,317	53,317	52,558	759
Capital Acquisitions	75,000	76,578	76,578	-
Miscellaneous	1,859,628	1,822,978	1,723,181	99,797
Public Safety				
County Sheriff	385,787	388,165	388,165	-
County Attorney	89,300	89,300	76,745	12,555
County Jail	659,810	690,638	690,638	-
Emergency Management	110,542	110,542	110,542	-
Humboldt Sheriff	76,159	77,210	77,210	-
Attorney - Child Support Agreement	86,800	86,800	79,576	7,224
Attorney - Incentive Match	36,000	36,000	34,079	1,921
Investigator	61,828	61,828	61,451	377
Nuclear Accident Emergency Preparedness	71,000	71,000	71,000	-
Public Works				
County Surveyor	15,800	15,800	13,713	2,087
Noxious Weed Control	12,500	12,500	4,629	7,871
Public Assistance				
Veterans' Service Officer	63,704	64,519	64,519	-
TOTAL DISBURSEMENTS	<u>4,624,049</u>	<u>4,624,049</u>	<u>4,449,516</u>	<u>174,533</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,015,278	1,015,278	1,316,500	301,222
OTHER FINANCING SOURCES (USES)				
Transfers in	305,413	305,413	210,395	(95,018)
Transfers out	(1,445,702)	(1,445,702)	(1,224,069)	221,633
TOTAL OTHER FINANCING SOURCES (USES)	(1,140,289)	(1,140,289)	(1,013,674)	126,615
Net Change in Fund Balance	(125,011)	(125,011)	302,826	427,837
FUND BALANCE - BEGINNING	425,011	425,011	444,490	19,479
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 747,316</u>	<u>\$ 447,316</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ 500	\$ 500	\$ 100	\$ (400)
Intergovernmental	1,368,229	1,368,229	1,529,361	161,132
Charges for Services	-	-	53,403	53,403
Miscellaneous	10,000	10,000	130,140	120,140
TOTAL RECEIPTS	<u>1,378,729</u>	<u>1,378,729</u>	<u>1,713,004</u>	<u>334,275</u>
DISBURSEMENTS	<u>3,553,268</u>	<u>3,553,268</u>	<u>2,763,749</u>	<u>789,519</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,174,539)</u>	<u>(2,174,539)</u>	<u>(1,050,745)</u>	<u>1,123,794</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,757,021	1,757,021	1,340,280	(416,741)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,757,021</u>	<u>1,757,021</u>	<u>1,340,280</u>	<u>(416,741)</u>
Net Change in Fund Balance	(417,518)	(417,518)	289,535	707,053
FUND BALANCE - BEGINNING	417,518	417,518	417,518	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,053</u>	<u>\$ 707,053</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,000	\$ 300,000	\$ 667,363	\$ 367,363
TOTAL RECEIPTS	<u>300,000</u>	<u>300,000</u>	<u>667,363</u>	<u>367,363</u>
DISBURSEMENTS	<u>664,012</u>	<u>664,012</u>	<u>312,401</u>	<u>351,611</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(364,012)</u>	<u>(364,012)</u>	<u>354,962</u>	<u>718,974</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(300,000)	(300,000)	(200,000)	100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(200,000)</u>	<u>100,000</u>
Net Change in Fund Balance	(664,012)	(664,012)	154,962	818,974
FUND BALANCE - BEGINNING	664,012	664,012	708,551	44,539
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,513</u>	<u>\$ 863,513</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	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	\$ -	\$ -	\$ 75	\$ 75
Disbursements	(19,636)	(19,636)	-	19,636
Net Change in Fund Balance	(19,636)	(19,636)	75	19,711
Fund Balance - Beginning	19,636	19,636	19,636	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,711</u>	<u>\$ 19,711</u>
ROAD BUYBACK PROGRAM FUND				
Receipts	\$ 279,125	\$ 279,125	\$ 279,125	\$ -
Disbursements	(719,393)	(719,393)	(399,213)	320,180
Net Change in Fund Balance	(440,268)	(440,268)	(120,088)	320,180
Fund Balance - Beginning	440,268	440,268	440,268	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,180</u>	<u>\$ 320,180</u>
CHROMATOGRAPH FUND				
Receipts	\$ 1,035	\$ 1,035	\$ -	\$ (1,035)
Disbursements	(5,700)	(5,700)	-	5,700
Transfers in	-	-	-	-
Transfers out	-	-	(4,665)	(4,665)
Net Change in Fund Balance	(4,665)	(4,665)	(4,665)	-
Fund Balance - Beginning	4,665	4,665	4,665	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ 13,622	\$ 13,622	\$ 14,716	\$ 1,094
Disbursements	(30,000)	(30,000)	(20,956)	9,044
Net Change in Fund Balance	(16,378)	(16,378)	(6,240)	10,138
Fund Balance - Beginning	16,378	16,378	16,378	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,138</u>	<u>\$ 10,138</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITOR'S IMPROVEMENT FUND</u>				
Receipts	\$ 9,762	\$ 9,762	\$ 14,716	\$ 4,954
Disbursements	(40,000)	(40,000)	(19,500)	20,500
Net Change in Fund Balance	(30,238)	(30,238)	(4,784)	25,454
Fund Balance - Beginning	30,238	30,238	30,238	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,454</u>	<u>\$ 25,454</u>
<u>REGISTER OF DEEDS PRESERVE & MODERNIZE FUND</u>				
Receipts	\$ 4,017	\$ 4,017	\$ 6,091	\$ 2,074
Disbursements	(11,500)	(11,500)	(11,475)	25
Net Change in Fund Balance	(7,483)	(7,483)	(5,384)	2,099
Fund Balance - Beginning	7,483	7,483	7,483	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,099</u>	<u>\$ 2,099</u>
<u>EMPLOYMENT SECURITY FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(917)	(917)	(917)	-
Net Change in Fund Balance	(917)	(917)	(917)	-
Fund Balance - Beginning	917	917	917	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>MEDICAL RELIEF FUND</u>				
Receipts	\$ -	\$ -	\$ 776	\$ 776
Disbursements	(23,600)	(23,600)	(1,405)	22,195
Transfers in	10,146	10,146	-	(10,146)
Transfers out	-	-	-	-
Net Change in Fund Balance	(13,454)	(13,454)	(629)	12,825
Fund Balance - Beginning	13,454	13,454	13,454	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,825</u>	<u>\$ 12,825</u>
<u>INSTITUTIONS FUND</u>				
Receipts	\$ -	\$ -	\$ 116	\$ 116
Disbursements	(7,000)	(7,000)	(3,264)	3,736
Transfers in	3,535	3,535	-	(3,535)
Transfers out	-	-	(317)	(317)
Net Change in Fund Balance	(3,465)	(3,465)	(3,465)	-
Fund Balance - Beginning	3,465	3,465	3,465	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ 79	\$ 79	\$ 544	\$ 465
Disbursements	(2,000)	(2,000)	(2,000)	-
Net Change in Fund Balance	(1,921)	(1,921)	(1,456)	465
Fund Balance - Beginning	1,921	1,921	1,921	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465</u>	<u>\$ 465</u>
JUVENILE DIVERSION FUND				
Receipts	\$ 42	\$ 42	\$ 2,250	\$ 2,208
Disbursements	(17,500)	(17,500)	(4,259)	13,241
Transfers in	-	-	5,787	5,787
Transfers out	-	-	-	-
Net Change in Fund Balance	(17,458)	(17,458)	3,778	21,236
Fund Balance - Beginning	17,458	17,458	17,458	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,236</u>	<u>\$ 21,236</u>
STOP PROGRAM DIVERSION FUND				
Receipts	\$ 905	\$ 905	\$ 5,550	\$ 4,645
Disbursements	(8,000)	(8,000)	-	8,000
Net Change in Fund Balance	(7,095)	(7,095)	5,550	12,645
Fund Balance - Beginning	7,095	7,095	7,095	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,645</u>	<u>\$ 12,645</u>
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>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SHERIFF COMMISSARY FUND				
Receipts	\$ 254	\$ 254	\$ -	\$ (254)
Disbursements	(5,100)	(5,100)	(3,178)	1,922
Net Change in Fund Balance	(4,846)	(4,846)	(3,178)	1,668
Fund Balance - Beginning	4,846	4,846	4,846	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,668</u>	<u>\$ 1,668</u>
JUVENILE SERVICES FUND				
Receipts	\$ 83,629	\$ 83,629	\$ 91,496	\$ 7,867
Disbursements	(86,484)	(86,484)	(83,633)	2,851
Transfers in	-	-	-	-
Transfers out	-	-	(5,787)	(5,787)
Net Change in Fund Balance	(2,855)	(2,855)	2,076	4,931
Fund Balance - Beginning	2,855	2,855	2,855	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,931</u>	<u>\$ 4,931</u>
JAIL BOND FUND				
Receipts	\$ 400,000	\$ 400,000	\$ 418,479	\$ 18,479
Disbursements	(696,623)	(696,623)	(348,271)	348,352
Net Change in Fund Balance	(296,623)	(296,623)	70,208	366,831
Fund Balance - Beginning	296,623	296,623	296,623	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366,831</u>	<u>\$ 366,831</u>
HIGHWAY ALLOCATION BOND FUND				
Receipts	\$ 200,200	\$ 200,200	\$ 233,591	\$ 33,391
Disbursements	(400,644)	(400,644)	(118,132)	282,512
Net Change in Fund Balance	(200,444)	(200,444)	115,459	315,903
Fund Balance - Beginning	200,444	200,444	200,444	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,903</u>	<u>\$ 315,903</u>
NATURAL DISASTER FUND				
Receipts	\$ 49,878	\$ 49,878	\$ 45,853	\$ (4,025)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(325,000)	(325,000)	(116,211)	208,789
Net Change in Fund Balance	(275,122)	(275,122)	(70,358)	204,764
Fund Balance - Beginning	275,122	275,122	275,122	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,764</u>	<u>\$ 204,764</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
NOXIOUS WEED FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(5,413)	(5,413)	(5,413)	-
Net Change in Fund Balance	(5,413)	(5,413)	(5,413)	-
Fund Balance - Beginning	5,413	5,413	5,413	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

(Concluded)

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Federal Matching Fund	Road/Bridge Sinking Fund	Road Buyback Program Fund	Chromatograph Fund	Visitor's Promotion Fund
RECEIPTS					
Property Taxes	\$ -	\$ 75	\$ -	\$ -	\$ 14,716
Intergovernmental	-	-	279,125	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>75</u>	<u>279,125</u>	<u>-</u>	<u>14,716</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	399,213	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	20,956
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>399,213</u>	<u>-</u>	<u>20,956</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>75</u>	<u>(120,088)</u>	<u>-</u>	<u>(6,240)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(4,665)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,665)</u>	<u>-</u>
Net Change in Fund Balances	-	75	(120,088)	(4,665)	(6,240)
FUND BALANCES - BEGINNING	<u>238,841</u>	<u>19,636</u>	<u>440,268</u>	<u>4,665</u>	<u>16,378</u>
FUND BALANCES - ENDING	<u>\$ 238,841</u>	<u>\$ 19,711</u>	<u>\$ 320,180</u>	<u>\$ -</u>	<u>\$ 10,138</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	10,138
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	320,180	-	-
Natural Disasters	-	-	-	-	-
Committed to:					
Law Enforcement	238,841	-	-	-	-
Road Maintenance	-	19,711	-	-	-
Aid and Assistance	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 238,841</u>	<u>\$ 19,711</u>	<u>\$ 320,180</u>	<u>\$ -</u>	<u>\$ 10,138</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, 2018

	Visitor's Improvement Fund	Register of Deeds Preserve & Modernize Fund	Employment Security Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund
RECEIPTS						
Property Taxes	\$ 14,716	\$ -	\$ -	\$ -	\$ 1	\$ 522
Intergovernmental	-	-	-	-	115	22
Charges for Services	-	6,091	-	-	-	-
Miscellaneous	-	-	-	776	-	-
TOTAL RECEIPTS	<u>14,716</u>	<u>6,091</u>	<u>-</u>	<u>776</u>	<u>116</u>	<u>544</u>
DISBURSEMENTS						
General Government	-	11,475	917	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	1,405	3,264	2,000
Culture and Recreation	19,500	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>19,500</u>	<u>11,475</u>	<u>917</u>	<u>1,405</u>	<u>3,264</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,784)</u>	<u>(5,384)</u>	<u>(917)</u>	<u>(629)</u>	<u>(3,148)</u>	<u>(1,456)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(317)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(317)</u>	<u>-</u>
Net Change in Fund Balances	(4,784)	(5,384)	(917)	(629)	(3,465)	(1,456)
FUND BALANCES - BEGINNING	<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 - ENDING	<u>\$ 25,454</u>	<u>\$ 2,099</u>	<u>\$ -</u>	<u>\$ 12,825</u>	<u>\$ -</u>	<u>\$ 465</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	25,454	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	2,099	-	-	-	-
Debt Service	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	12,825	-	465
TOTAL FUND BALANCES	<u>\$ 25,454</u>	<u>\$ 2,099</u>	<u>\$ -</u>	<u>\$ 12,825</u>	<u>\$ -</u>	<u>\$ 465</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, 2018

	Juvenile Diversion Fund	STOP Program Diversion Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Sheriff Commissary Fund	Juvenile Services Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	85,796
Charges for Services	2,250	5,550	-	-	-	5,700
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>2,250</u>	<u>5,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,496</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	4,259	-	-	-	3,178	83,633
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>4,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,178</u>	<u>83,633</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,009)</u>	<u>5,550</u>	<u>-</u>	<u>-</u>	<u>(3,178)</u>	<u>7,863</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,787	-	-	-	-	-
Transfers out	-	-	-	-	-	(5,787)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,787)</u>
Net Change in Fund Balances	3,778	5,550	-	-	(3,178)	2,076
FUND BALANCES - BEGINNING	<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 - ENDING	<u>\$21,236</u>	<u>\$12,645</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 1,668</u>	<u>\$ 4,931</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Drug Education	-	-	609	-	-	-
Law Enforcement	-	-	-	4,973	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	21,236	12,645	-	-	1,668	4,931
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$21,236</u>	<u>\$12,645</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 1,668</u>	<u>\$ 4,931</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, 2018

	Jail Bond Fund	Highway Allocation Bond Fund	Natural Disaster Fund	Noxious Weed Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 379,043	\$ 213,060	\$ -	\$ -	\$ 622,133
Intergovernmental	39,436	20,531	45,853	-	470,878
Charges for Services	-	-	-	-	19,591
Miscellaneous	-	-	-	-	776
TOTAL RECEIPTS	<u>418,479</u>	<u>233,591</u>	<u>45,853</u>	<u>-</u>	<u>1,113,378</u>
DISBURSEMENTS					
General Government	-	-	-	-	12,392
Public Safety	-	-	-	-	91,070
Public Works	-	-	-	-	399,213
Public Assistance	-	-	-	-	6,669
Culture and Recreation	-	-	-	-	40,456
Debt Service:					
Principal Payments	262,000	90,000	-	-	352,000
Interest and Fiscal Charges	86,271	28,132	-	-	114,403
TOTAL DISBURSEMENTS	<u>348,271</u>	<u>118,132</u>	<u>-</u>	<u>-</u>	<u>1,016,203</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>70,208</u>	<u>115,459</u>	<u>45,853</u>	<u>-</u>	<u>97,175</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	5,787
Transfers out	-	-	(116,211)	(5,413)	(132,393)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(116,211)</u>	<u>(5,413)</u>	<u>(126,606)</u>
Net Change in Fund Balances	70,208	115,459	(70,358)	(5,413)	(29,431)
FUND BALANCES - BEGINNING	<u>296,623</u>	<u>200,444</u>	<u>275,122</u>	<u>5,413</u>	<u>1,592,704</u>
FUND BALANCES - ENDING	<u>\$ 366,831</u>	<u>\$ 315,903</u>	<u>\$ 204,764</u>	<u>\$ -</u>	<u>\$ 1,563,273</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	35,592
Drug Education	-	-	-	-	609
Law Enforcement	-	-	-	-	4,973
Preservation of Records	-	-	-	-	2,099
Debt Service	366,831	315,903	-	-	682,734
Road Maintenance	-	-	-	-	320,180
Natural Disasters	-	-	204,764	-	204,764
Committed to:					
Law Enforcement	-	-	-	-	279,321
Road Maintenance	-	-	-	-	19,711
Aid and Assistance	-	-	-	-	13,290
TOTAL FUND BALANCES	<u>\$ 366,831</u>	<u>\$ 315,903</u>	<u>\$ 204,764</u>	<u>\$ -</u>	<u>\$ 1,563,273</u>

(Concluded)

RICHARDSON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Emergency Manager	Total
BALANCES JULY 1, 2017	\$ 8,206	\$ 75,533	\$ 37,900	\$ 3,835	\$ 2,586	\$ 2,525	\$ -	\$ 130,585
RECEIPTS								
Property Taxes	-	-	23,658	-	-	-	-	23,658
Licenses and Permits	1,200	-	615	-	-	-	-	1,815
Intergovernmental	-	-	32,150	-	-	2,000	-	34,150
Charges for Services	62,537	18,350	81,753	550	57,700	-	-	220,890
Miscellaneous	896	-	1,228	-	2,400	300	6,327	11,151
State Fees	69,112	18,851	-	-	767	-	-	88,730
Other Liabilities	-	176,890	157,569	31,242	-	-	-	365,701
TOTAL RECEIPTS	133,745	214,091	296,973	31,792	60,867	2,300	6,327	746,095
DISBURSEMENTS								
Payments to County Treasurer	62,810	15,325	135,068	439	59,039	-	-	272,681
Payments to State Treasurer	66,099	16,426	-	-	-	-	-	82,525
Other Liabilities	878	194,558	162,463	33,414	2,400	4,358	5,037	403,108
TOTAL DISBURSEMENTS	129,787	226,309	297,531	33,853	61,439	4,358	5,037	758,314
BALANCES JUNE 30, 2018	<u>\$ 12,164</u>	<u>\$ 63,315</u>	<u>\$ 37,342</u>	<u>\$ 1,774</u>	<u>\$ 2,014</u>	<u>\$ 467</u>	<u>\$ 1,290</u>	<u>\$ 118,366</u>
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 5,380	\$ 3,732	\$ 30,156	\$ 141	\$ 1,014	\$ 467	\$ 290	\$ 41,180
Petty Cash	150	-	3,000	1,633	1,000	-	1,000	6,783
Due to State Treasurer	6,634	3,651	22	-	-	-	-	10,307
Due to Others	-	55,932	4,164	-	-	-	-	60,096
BALANCES JUNE 30, 2018	<u>\$ 12,164</u>	<u>\$ 63,315</u>	<u>\$ 37,342</u>	<u>\$ 1,774</u>	<u>\$ 2,014</u>	<u>\$ 467</u>	<u>\$ 1,290</u>	<u>\$ 118,366</u>

RICHARDSON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2018

Item	2013	2014	2015	2016	2017
Tax Certified by Assessor					
Real Estate	\$ 15,817,593	\$ 18,073,156	\$ 19,976,860	\$ 20,293,595	\$ 19,973,827
Personal and Specials	1,127,153	1,293,422	1,294,780	1,179,376	1,050,958
Total	16,944,746	19,366,578	21,271,640	21,472,971	21,024,785
Corrections					
Additions	1,382	1,542	1,382	1,753	868
Deductions	(4,951)	(6,684)	(696)	(2,413)	(1,984)
Net Additions/ (Deductions)	(3,569)	(5,142)	686	(660)	(1,116)
Corrected Certified Tax	16,941,177	19,361,436	21,272,326	21,472,311	21,023,669
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2014	10,962,291	-	-	-	-
June 30, 2015	5,963,716	12,674,398	-	-	-
June 30, 2016	11,329	6,669,278	13,718,553	-	-
June 30, 2017	1,303	9,857	7,528,821	13,956,096	-
June 30, 2018	1,103	2,248	18,354	7,501,312	13,669,365
Total Net Collections	16,939,742	19,355,781	21,265,728	21,457,408	13,669,365
Total Uncollected Tax	\$ 1,435	\$ 5,655	\$ 6,598	\$ 14,903	\$ 7,354,304
Percentage Uncollected Tax	0.01%	0.03%	0.03%	0.07%	34.98%

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, 2018, and the related notes to the financial statements, which collectively comprise Richardson County's basic financial statements, and have issued our report thereon dated September 25, 2018. 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 September 25, 2018.

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

September 25, 2018



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 25, 2018

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, 2018, and have issued our report thereon dated September 25, 2018. 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.

Unclaimed Property

During testing, we noted two County offices had checks that were outstanding for over three years and, therefore, qualified as unclaimed property required to be remitted to the State Treasurer, as follows:

- The County Sheriff had eight checks totaling \$46.
- The County Attorney had one check for \$20.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) provides the following:

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

Neb. Rev. Stat. § 69-1310 (Reissue 2009) states, in relevant part, the following:

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

* * * *

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

Without procedures, including the proper performance and review of bank reconciliations, to ensure that outstanding checks qualifying as unclaimed property are remitted timely to the State Treasurer, there is an increased risk of noncompliance with State statute.

We recommend the County Sheriff and County Attorney implement procedures to ensure that outstanding checks qualifying as unclaimed property are remitted to the State Treasurer in accordance with State statute.

County's Response: We will ascertain that each department is informed that personal property held by public entities of political subdivisions that remains unclaimed for more than three years is presumed abandoned and that in accordance with Neb. Rev. Stat. §§ Section 69-1301 (Reissue 2009, Cum. Supp. 2012) that such items be reported to the Nebraska State Treasurer before November 1 of each year as of June 30 next proceeding.

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 eleven County Board minutes tested were not published within 10 working days of the meeting, due to the timing of when Board meetings were held and when the weekly newspaper was published. Minutes were published in 11 working days for 10 of the minutes tested and in 16 days for one of the minutes tested.

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 notices on a website as a legal publication in addition to the newspaper legal publication.

Claim Issues

We noted the following issues during our testing of claims paid by the County:

- In one instance, the County Board approved a duplicate claim to the County Sheriff for \$1,593.
- The County reimburses the County Attorney \$800 per month for rent; however, these payments are not supported by a written contract or agreement between the County Board and the County Attorney.

Good internal controls and sound business practices require procedures to ensure duplicate claims are not paid twice, and payments are supported by a written agreement between both parties. Without such procedures, there is an increased risk for the loss, theft, or misuse of County funds.

We recommend the County Board enter into a written contract with the County Attorney including the amount to be reimbursed for rent. Additionally, we recommend procedures are implemented to ensure an adequate review of claims is performed to identify duplicate claims.

County's Response: The County Board will inform each County Official/Department that claims should be checked to ascertain that they had not been previously submitted to the County Clerk for payment and that all claims must have supporting documentation attached which will include detailed receipts for reimbursement of expenses before submitting to the County Clerk's Office and approval by the Board. If adequate documentation is not included then the claims will be denied.

A contract for the rental expense for the County Attorney is in the process of being drafted. This has been a monthly expense that has been paid for more than 30 years.

COUNTY CLERK

Balancing Procedures

During the audit, we noted office records indicated office assets were long \$27 compared to office liabilities at June 30, 2018.

Sound accounting practices and good internal controls require procedures to be in place to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, 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 variances increases the risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Clerk remit the long amount noted to the County Treasurer. Additionally, we recommend procedures be implemented to ensure monthly asset-to-liability reconciliations are performed, and all variances noted are resolved timely.

County Clerk's Response: The funds long have been remitted to the County Treasurer of \$27.00. Procedures have been reviewed and are in place to assure that errors are determined and corrected during reconciliation.

COUNTY EMERGENCY MANAGER

Petty Cash Purchases

The County Board has authorized a \$1,000 petty cash fund for the Emergency Manager. We noted the following issues with the Emergency Manager's petty cash fund:

- The office was carrying the fund balance at \$1,290, or \$290 above the authorized amount.
- A \$107 purchase from Shopko in March 2018 was not included in the office's petty cash records and, therefore, had not been claimed to the County for reimbursement as of June 30, 2018.
- We tested four petty cash reimbursement claims and noted frequent purchases were made on Amazon.com for office supplies. Such expenses do not appear to be a reasonable use of the petty cash fund, as they could easily be paid through the County's claim and warrant process. Office supply purchases totaled \$337 on the claims tested. Additionally, we noted sales tax of \$32 was incurred on such purchases.

Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2016) states, in relevant part, the following:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city, village, rural or suburban fire protection district

A good internal control plan requires petty cash funds to be maintained at the authorized amount and used only for reasonable purchases that could not be paid through the claim and warrant process.

When petty cash funds are not maintained at the authorized amount, unreasonable purchases are made, and sales tax is paid, there is an increased risk for the loss, or misuse of County funds.

We recommend the excess balance in the petty cash fund be remitted to the County Treasurer. Additionally, we recommend procedures be implemented to ensure the petty cash fund is only used for reasonable purchases, and sales tax is not paid.

COUNTY SHERIFF

Balancing Procedures

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

- A reconciliation of office assets to office liabilities was not performed. At June 30, 2018, office records indicated an unexplained cash long of \$8,852 in the operating account and \$3,019 in the commissary account. This amount was increased from the prior fiscal year due to the County Sheriff receiving an unsupported amount of \$1,069 from the County Board in June 2018.
- Complete and accurate bank reconciliations were not performed on a monthly basis for the entire fiscal year.
- Grant funds, totaling \$1,756, were received in February 2018, but had not been remitted to the County Treasurer as of June 30, 2018.
- Trust balances of \$3,638 in the operating account were not supported as the Sheriff's office does not keep accurate records showing to whom the balances held in the bank accounts are due.
- An accurate listing of accounts receivable could not be provided as of June 30, 2018.
- The \$300 in authorized petty cash deposited into the commissary bank account was not reconciled to the authorized amount during the fiscal year.
- We noted \$231 in bank charges withdrawn from the bank account in fiscal year 2017 and \$422 withdrawn from the bank account in fiscal year 2018. 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.

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. § 23-1601(1) (Reissue 2012) requires the County Treasurer to receive all money belonging to the County.

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

When such procedures do not exist, there is an increased risk for errors and/or irregularities to occur and remain undetected.

We recommend the County Sheriff implement numerous financial procedures, including maintaining complete and accurate financial records, as well as timely, documented monthly balancing procedures, including bank reconciliations and office asset-to-liability reconciliations. Furthermore, we recommend petty cash be reconciled to the authorized amount monthly. Finally, we recommend transactions and balances recorded in the system be reviewed, and any corrective action necessary be taken in a timely manner.

Petty Cash

At June 30, 2018, the County Sheriff's petty cash fund, which was authorized for \$2,700, was long by \$3,379. We also noted that the County Sheriff had received a single petty cash reimbursement during the year, totaling \$3,358, which exceeded the authorized amount. Furthermore, that petty cash reimbursement claim noted \$913 of the purchases were for guns and mounts, and no documentation was on hand to support the amount claimed.

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, and any excess funds noted are remitted to the County Treasurer. Furthermore, all claims to the County Board for reimbursement should contain copies of invoices to support the amount paid.

Distress Warrant Report

We noted the County Sheriff did not submit the distress warrant report to the County Board, as required by State statute.

Neb. Rev. Stat. § 77-1719.01 (Reissue 2009), states the following:

On or before August 1 of each year, the sheriff shall report to the county board showing the total amount collected on current distress warrants and the amount remaining uncollected.

Failure to provide the County Board with the statutorily required distress warrant report not only constitutes noncompliance with the law but also increases the risk of loss, theft, or misuse of funds.

We recommend the County Sheriff implement procedures to ensure the distress warrant report is submitted timely to the County Board, as required by statute.

Prisoner Lodging Contract

During our audit, we tested one prisoner lodging receipt for \$7,755 and noted the County Sheriff did not have a contract on file to support the rate charged.

Neb. Rev. Stat. § 23-106 (Reissue 2012) assigns the responsibility to the County Board for managing the County funds and County business. In addition, good internal control and sound accounting practice requires fees to be set by the County Board and formal written contracts to be entered into to support the rates charged. Without such procedures, there is an increased risk for the loss and/or misuse of funds.

We recommend written contracts be entered into with all entities whose inmates are housed by Richardson County.

COUNTY VETERANS' SERVICE OFFICER

Donations

During our audit, we noted the County Veterans' Service Officer received donations of \$300 during fiscal year 2018 that were never remitted to the County Treasurer. Additionally, we noted \$646 received in fiscal year 2017 and \$235 received in fiscal year 2016 was never remitted to the County Treasurer. As of June 30, 2018, the balance in the office's bank account was \$467, indicating a portion of these donations had been previously spent.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states the following, in relevant part:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. . . .

When all donations are not remitted to the County Treasurer, the office is not in compliance with State statute, increasing the risk for the loss and/or misuse of funds.

We recommend all donations received by the office are remitted to the County Treasurer.

* * * * *

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,



Deann Haeffner, CPA
Assistant Deputy Auditor