

**AUDIT REPORT
OF
RICHARDSON COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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the Auditor of Public Accounts.**

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Issued on October 2, 2019

RICHARDSON COUNTY

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RICHARDSON COUNTY
1700 Stone St.
Falls City, NE 68355

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	David Sickel Terry Frank John Caverzagie	Jan. 2021 Jan. 2021 Jan. 2023
Assessor	Pam Vice	Jan. 2023
Attorney	Douglas Merz	Jan. 2023
Clerk Election Commissioner Register of Deeds	Mary Eickhoff	Jan. 2023
Clerk of the District Court	Pamela Scott	Jan. 2023
Sheriff	Don Pounds	Jan. 2023
Treasurer	Amanda Bartek-Young	Jan. 2023
Veterans' Service Officer	Mona Godemann	Appointed
Weed Superintendent Emergency Manager	Brian Kirkendall	Appointed
Highway Superintendent	Steve Darveau, Jr.	Appointed
Surveyor	Robert Tichy	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, 2019, 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, 2019, 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.

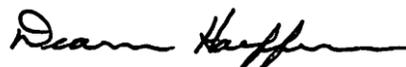
Report on Supplementary Information

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 18-30, 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 24, 2019, 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 24, 2019

RICHARDSON COUNTY
STATEMENT OF NET POSITION - CASH BASIS

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 1,769,131
Investments (Note 1.D)	<u>3,045,474</u>
TOTAL ASSETS	<u><u>\$ 4,814,605</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 22,248
Drug Education	609
Law Enforcement	4,973
Preservation of Records	2,319
Debt Service	866,562
Road Maintenance	489,272
Natural Disasters	204,764
Unrestricted	<u>3,223,858</u>
TOTAL NET POSITION	<u><u>\$ 4,814,605</u></u>

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, 2019

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	\$ (2,816,010)	\$ 446,749	\$ 93,581	\$ (2,275,680)
Public Safety	(1,774,897)	128,377	456,482	(1,190,038)
Public Works	(3,061,376)	-	1,410,957	(1,650,419)
Public Assistance	(70,669)	-	500	(70,169)
Culture and Recreation	(45,572)	-	-	(45,572)
Debt Payments	(423,232)	-	-	(423,232)
Total Governmental Activities	\$ (8,191,756)	\$ 575,126	\$ 1,961,520	(5,655,110)

General Receipts:

Property Taxes	5,889,826
Grants and Contributions Not Restricted to Specific Programs	523,418
Investment Income	56,889
Licenses and Permits	27,800
Miscellaneous	90,627
Total General Receipts	6,588,560
Increase in Net Position	933,450
Net Position - Beginning of year	3,881,155
Net Position - End of year	\$ 4,814,605

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, 2019

	<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)	\$ 532,127	\$ 747,732	\$ -	\$ 489,272	\$ -	\$ 1,769,131
Investments (Note 1.D)	119,712	-	1,507,647	-	1,418,115	3,045,474
TOTAL ASSETS	<u>\$ 651,839</u>	<u>\$ 747,732</u>	<u>\$ 1,507,647</u>	<u>\$ 489,272</u>	<u>\$ 1,418,115</u>	<u>\$ 4,814,605</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	22,248	22,248
Drug Education	-	-	-	-	609	609
Law Enforcement	-	-	-	-	4,973	4,973
Preservation of Records	-	-	-	-	2,319	2,319
Debt Service	-	-	-	-	866,562	866,562
Road Maintenance	-	-	-	489,272	-	489,272
Natural Disasters	-	-	-	-	204,764	204,764
Committed to:						
Law Enforcement	-	-	-	-	285,232	285,232
Road Maintenance	-	747,732	-	-	19,761	767,493
Aid and Assistance	-	-	-	-	11,647	11,647
Assigned to:						
Other Purposes	-	-	1,507,647	-	-	1,507,647
Unassigned	651,839	-	-	-	-	651,839
TOTAL CASH BASIS FUND BALANCES	<u>\$ 651,839</u>	<u>\$ 747,732</u>	<u>\$ 1,507,647</u>	<u>\$ 489,272</u>	<u>\$ 1,418,115</u>	<u>\$ 4,814,605</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, 2019

	General Fund	Road Fund	Inheritance Fund	Road Buyback Program Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$4,290,416	\$ -	\$ 1,018,900	\$ -	\$ 580,510	\$ 5,889,826
Licenses and Permits	26,450	1,350	-	-	-	27,800
Investment Income	56,889	-	-	-	-	56,889
Intergovernmental	639,447	1,411,085	-	287,523	146,883	2,484,938
Charges for Services	553,773	-	-	-	21,353	575,126
Miscellaneous	27,526	63,051	-	-	50	90,627
TOTAL RECEIPTS	<u>5,594,501</u>	<u>1,475,486</u>	<u>1,018,900</u>	<u>287,523</u>	<u>748,796</u>	<u>9,125,206</u>
DISBURSEMENTS						
General Government	2,759,962	-	49,766	-	6,282	2,816,010
Public Safety	1,679,736	-	-	-	95,161	1,774,897
Public Works	15,729	2,927,216	-	118,431	-	3,061,376
Public Assistance	66,642	-	-	-	4,027	70,669
Culture and Recreation	-	-	-	-	45,572	45,572
Debt Service:						
Principal Payments	-	-	-	-	315,000	315,000
Interest and Fiscal Charges	-	-	-	-	108,232	108,232
TOTAL DISBURSEMENTS	<u>4,522,069</u>	<u>2,927,216</u>	<u>49,766</u>	<u>118,431</u>	<u>574,274</u>	<u>8,191,756</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,072,432</u>	<u>(1,451,730)</u>	<u>969,134</u>	<u>169,092</u>	<u>174,522</u>	<u>933,450</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	324,500	1,492,409	-	-	18,697	1,835,606
Transfers out	(1,492,409)	-	(325,000)	-	(18,197)	(1,835,606)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,167,909)</u>	<u>1,492,409</u>	<u>(325,000)</u>	<u>-</u>	<u>500</u>	<u>-</u>
Net Change in Fund Balances	(95,477)	40,679	644,134	169,092	175,022	933,450
CASH BASIS FUND BALANCES - BEGINNING	<u>747,316</u>	<u>707,053</u>	<u>863,513</u>	<u>320,180</u>	<u>1,243,093</u>	<u>3,881,155</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 651,839</u>	<u>\$ 747,732</u>	<u>\$ 1,507,647</u>	<u>\$ 489,272</u>	<u>\$ 1,418,115</u>	<u>\$ 4,814,605</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, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 457,836
 LIABILITIES	
Due to other governments	
State	130,870
Schools	229,551
Educational Service Units	2,432
Technical College	14,490
Natural Resource Districts	4,310
Fire Districts	3,188
Municipalities	32,015
Agricultural Society	507
Drainage Districts	842
Others	39,631
TOTAL LIABILITIES	457,836
 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, 2019

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. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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

Joint Organization.

Behavioral Health Region 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 \$41,272 toward the operation of the Region during fiscal year 2019. 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 2018).

The Department’s governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2019. 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. 2018). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

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

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and 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 incurred for road projects in the County. It is funded by amounts received from the State of Nebraska through the Federal Funds Purchase Program.

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 the 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.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$1,590,747 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$1,769,131 for County funds and \$457,836 for Fiduciary funds. The bank balances for all funds totaled \$2,210,184. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, 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 \$3,045,474 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

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 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.340156/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.340156/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

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. 2018) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2019, 100 employees contributed \$140,412, and the County contributed \$208,693. Contributions included \$3,858 in cash contributions towards the supplemental law enforcement plan for 11 law enforcement employees. Lastly, the County paid \$643 directly to six retired employees for prior service benefits.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 amounts for the fiscal year ended June 30, 2019.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 1,492,409	\$ -	\$ -	\$ 1,492,409
General Fund	-	324,500	-	324,500
Nonmajor Funds	-	500	18,197	18,697
Total	\$ 1,492,409	\$ 325,000	\$ 18,197	\$ 1,835,606

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, 2019, the County made a one-time transfer of \$18,197 from the Juvenile Services Fund to the Juvenile Diversion Fund to reimburse the Juvenile Diversion Fund for costs originally paid from that 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, 2019, was \$1,185,000. 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	Principal	Interest	Total
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	95,000	20,530	115,530
2025-2029	500,000	71,442	571,442
2030-2034	225,000	10,205	235,205
Total Payments	\$ 1,185,000	\$ 198,887	\$ 1,383,887

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, 2019, was \$3,080,000. 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
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	245,000	60,680	305,680
2025-2029	1,320,000	199,870	1,519,870
2030-2034	585,000	19,830	604,830
Total Payments	\$ 3,080,000	\$ 573,758	\$ 3,653,758

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,572,263	\$ 4,572,263	\$ 4,290,416	\$ (281,847)
Licenses and Permits	25,500	25,500	26,450	950
Interest	20,000	20,000	56,889	36,889
Intergovernmental	357,200	357,200	639,447	282,247
Charges for Services	512,793	512,793	553,773	40,980
Miscellaneous	17,650	17,650	27,526	9,876
TOTAL RECEIPTS	<u>5,505,406</u>	<u>5,505,406</u>	<u>5,594,501</u>	<u>89,095</u>
DISBURSEMENTS				
General Government:				
County Board	69,807	69,807	69,806	1
County Clerk	174,856	174,856	143,271	31,585
County Treasurer	169,331	169,331	164,994	4,337
County Assessor	222,003	222,003	210,575	11,428
Election Commissioner	71,819	71,819	64,351	7,468
Clerk of the District Court	80,468	80,468	80,468	-
County Court System	10,200	10,200	7,522	2,678
Building and Grounds	169,800	169,800	150,992	18,808
Agricultural Extension Agent	54,862	54,862	53,727	1,135
CDC - Child Support Agreement	21,484	21,484	19,635	1,849
Capital Acquisitions	10,000	11,687	11,687	-
Miscellaneous	1,732,802	1,729,823	1,782,934	(53,111)
Public Safety				
County Sheriff	595,570	595,570	560,805	34,765
County Attorney	87,800	87,800	85,801	1,999
Nuclear Accident Emergency Preparedness	72,500	72,500	69,644	2,856
County Jail	753,109	753,109	674,405	78,704
Emergency Management	99,487	99,487	97,694	1,793
Humboldt Sheriff	82,222	82,222	73,684	8,538
Attorney - Child Support Agreement	86,800	86,800	82,462	4,338
Attorney - Incentive Match	36,200	36,200	35,241	959
Public Works				
County Surveyor	14,081	14,081	12,910	1,171
Noxious Weed Control	6,000	6,000	2,819	3,181
Public Assistance				
Veterans' Service Officer	65,350	66,642	66,642	-
TOTAL DISBURSEMENTS	<u>4,686,551</u>	<u>4,686,551</u>	<u>4,522,069</u>	<u>164,482</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	818,855	818,855	1,072,432	253,577
OTHER FINANCING SOURCES (USES)				
Transfers in	325,000	325,000	324,500	(500)
Transfers out	(1,591,171)	(1,591,171)	(1,492,409)	98,762
TOTAL OTHER FINANCING SOURCES (USES)	(1,266,171)	(1,266,171)	(1,167,909)	98,262
Net Change in Fund Balance	(447,316)	(447,316)	(95,477)	351,839
FUND BALANCE - BEGINNING	747,316	747,316	747,316	-
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 651,839</u>	<u>\$ 351,839</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ 500	\$ 500	\$ 1,350	\$ 850
Intergovernmental	1,420,082	1,420,082	1,411,085	(8,997)
Miscellaneous	60,000	60,000	63,051	3,051
TOTAL RECEIPTS	<u>1,480,582</u>	<u>1,480,582</u>	<u>1,475,486</u>	<u>(5,096)</u>
DISBURSEMENTS	<u>3,983,570</u>	<u>3,983,570</u>	<u>2,927,216</u>	<u>1,056,354</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,502,988)</u>	<u>(2,502,988)</u>	<u>(1,451,730)</u>	<u>1,051,258</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,795,935	1,795,935	1,492,409	(303,526)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,795,935</u>	<u>1,795,935</u>	<u>1,492,409</u>	<u>(303,526)</u>
Net Change in Fund Balance	(707,053)	(707,053)	40,679	747,732
FUND BALANCE - BEGINNING	707,053	707,053	707,053	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,732</u>	<u>\$ 747,732</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 301,487	\$ 301,487	\$ 1,018,900	\$ 717,413
TOTAL RECEIPTS	<u>301,487</u>	<u>301,487</u>	<u>1,018,900</u>	<u>717,413</u>
DISBURSEMENTS	<u>840,000</u>	<u>840,000</u>	<u>49,766</u>	<u>790,234</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(538,513)</u>	<u>(538,513)</u>	<u>969,134</u>	<u>1,507,647</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(325,000)	(325,000)	(325,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(325,000)</u>	<u>(325,000)</u>	<u>(325,000)</u>	<u>-</u>
Net Change in Fund Balance	(863,513)	(863,513)	644,134	1,507,647
FUND BALANCE - BEGINNING	863,513	863,513	863,513	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,507,647</u>	<u>\$ 1,507,647</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ROAD BUYBACK PROGRAM FUND</u>				
RECEIPTS				
Intergovernmental	\$ 287,523	\$ 287,523	\$ 287,523	\$ -
TOTAL RECEIPTS	287,523	287,523	287,523	-
DISBURSEMENTS	607,703	607,703	118,431	489,272
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(320,180)	(320,180)	169,092	489,272
Net Change in Fund Balance	(320,180)	(320,180)	169,092	489,272
FUND BALANCE - BEGINNING	320,180	320,180	320,180	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 489,272	\$ 489,272

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	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	\$ -	\$ -	\$ 238,841	\$ 238,841
ROAD/BRIDGE SINKING FUND				
Receipts	\$ -	\$ -	\$ 50	\$ 50
Disbursements	(19,711)	(19,711)	-	19,711
Net Change in Fund Balance	(19,711)	(19,711)	50	19,761
Fund Balance - Beginning	19,711	19,711	19,711	-
Fund Balance - Ending	\$ -	\$ -	\$ 19,761	\$ 19,761
VISITOR'S PROMOTION FUND				
Receipts	\$ 15,362	\$ 15,362	\$ 16,139	\$ 777
Disbursements	(25,500)	(25,500)	(14,844)	10,656
Net Change in Fund Balance	(10,138)	(10,138)	1,295	11,433
Fund Balance - Beginning	10,138	10,138	10,138	-
Fund Balance - Ending	\$ -	\$ -	\$ 11,433	\$ 11,433
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 14,546	\$ 14,546	\$ 16,089	\$ 1,543
Disbursements	(40,000)	(40,000)	(30,728)	9,272
Net Change in Fund Balance	(25,454)	(25,454)	(14,639)	10,815
Fund Balance - Beginning	25,454	25,454	25,454	-
Fund Balance - Ending	\$ -	\$ -	\$ 10,815	\$ 10,815
REGISTER OF DEEDS PRESERVE & MODERNIZE FUND				
Receipts	\$ 5,401	\$ 5,401	\$ 6,502	\$ 1,101
Disbursements	(7,500)	(7,500)	(6,282)	1,218
Net Change in Fund Balance	(2,099)	(2,099)	220	2,319
Fund Balance - Beginning	2,099	2,099	2,099	-
Fund Balance - Ending	\$ -	\$ -	\$ 2,319	\$ 2,319

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MEDICAL RELIEF FUND				
Receipts	\$ -	\$ -	\$ 500	\$ 500
Disbursements	(12,825)	(12,825)	(1,701)	11,124
Net Change in Fund Balance	(12,825)	(12,825)	(1,201)	11,624
Fund Balance - Beginning	12,825	12,825	12,825	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,624</u>	<u>\$ 11,624</u>
VETERANS' AID FUND				
Receipts	\$ 2,035	\$ 2,035	\$ 1,384	\$ (651)
Disbursements	(2,500)	(2,500)	(2,326)	174
Transfers in	-	-	500	500
Transfers out	-	-	-	-
Net Change in Fund Balance	(465)	(465)	(442)	23
Fund Balance - Beginning	465	465	465	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 23</u>
JUVENILE DIVERSION FUND				
Receipts	\$ 2,064	\$ 2,064	\$ 6,140	\$ 4,076
Disbursements	(23,300)	(23,300)	(19,927)	3,373
Transfers in	-	-	18,197	18,197
Transfers out	-	-	-	-
Net Change in Fund Balance	(21,236)	(21,236)	4,410	25,646
Fund Balance - Beginning	21,236	21,236	21,236	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,646</u>	<u>\$ 25,646</u>
STOP PROGRAM DIVERSION FUND				
Receipts	\$ 2,355	\$ 2,355	\$ 3,450	\$ 1,095
Disbursements	(15,000)	(15,000)	(5,521)	9,479
Net Change in Fund Balance	(12,645)	(12,645)	(2,071)	10,574
Fund Balance - Beginning	12,645	12,645	12,645	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,574</u>	<u>\$ 10,574</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	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 FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 8,711	\$ 6,711
Disbursements	(3,668)	(3,668)	(208)	3,460
Net Change in Fund Balance	(1,668)	(1,668)	8,503	10,171
Fund Balance - Beginning	1,668	1,668	1,668	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,171</u>	<u>\$ 10,171</u>
JUVENILE SERVICES FUND				
Receipts	\$ 82,771	\$ 82,771	\$ 82,771	\$ -
Disbursements	(87,702)	(87,702)	(69,505)	18,197
Transfers in	-	-	-	-
Transfers out	-	-	(18,197)	(18,197)
Net Change in Fund Balance	(4,931)	(4,931)	(4,931)	-
Fund Balance - Beginning	4,931	4,931	4,931	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HIGHWAY ALLOCATION BOND FUND</u>				
Receipts	\$ 200,097	\$ 200,097	\$ 202,589	\$ 2,492
Disbursements	(516,000)	(516,000)	(117,367)	398,633
Net Change in Fund Balance	(315,903)	(315,903)	85,222	401,125
Fund Balance - Beginning	315,903	315,903	315,903	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,125</u>	<u>\$ 401,125</u>
<u>NATURAL DISASTER FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(204,764)	(204,764)	-	204,764
Net Change in Fund Balance	(204,764)	(204,764)	-	204,764
Fund Balance - Beginning	204,764	204,764	204,764	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,764</u>	<u>\$ 204,764</u>
<u>JAIL BOND FUND</u>				
Receipts	\$ 401,169	\$ 401,169	\$ 404,471	\$ 3,302
Disbursements	(768,000)	(768,000)	(305,865)	462,135
Net Change in Fund Balance	(366,831)	(366,831)	98,606	465,437
Fund Balance - Beginning	366,831	366,831	366,831	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465,437</u>	<u>\$ 465,437</u>

(Concluded)

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Federal Matching Fund	Road/Bridge Sinking Fund	Visitor's Promotion Fund	Visitor's Improvement Fund	Register of Deeds Preserve & Modernize Fund	Medical Relief Fund
RECEIPTS						
Property Taxes	\$ -	\$ 50	\$ 16,089	\$ 16,089	\$ -	\$ -
Intergovernmental	-	-	-	-	-	500
Charges for Services	-	-	-	-	6,502	-
Miscellaneous	-	-	50	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>50</u>	<u>16,139</u>	<u>16,089</u>	<u>6,502</u>	<u>500</u>
DISBURSEMENTS						
General Government	-	-	-	-	6,282	-
Public Safety	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	1,701
Culture and Recreation	-	-	14,844	30,728	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>14,844</u>	<u>30,728</u>	<u>6,282</u>	<u>1,701</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>50</u>	<u>1,295</u>	<u>(14,639)</u>	<u>220</u>	<u>(1,201)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	50	1,295	(14,639)	220	(1,201)
FUND BALANCES - BEGINNING	<u>238,841</u>	<u>19,711</u>	<u>10,138</u>	<u>25,454</u>	<u>2,099</u>	<u>12,825</u>
FUND BALANCES - ENDING	<u>\$ 238,841</u>	<u>\$ 19,761</u>	<u>\$ 11,433</u>	<u>\$ 10,815</u>	<u>\$ 2,319</u>	<u>\$ 11,624</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	11,433	10,815	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	2,319	-
Debt Service	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	238,841	-	-	-	-	-
Road Maintenance	-	19,761	-	-	-	-
Aid and Assistance	-	-	-	-	-	11,624
TOTAL FUND BALANCES	<u>\$ 238,841</u>	<u>\$ 19,761</u>	<u>\$ 11,433</u>	<u>\$ 10,815</u>	<u>\$ 2,319</u>	<u>\$ 11,624</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, 2019

	Veterans' Aid Fund	Juvenile Diversion Fund	STOP Program Diversion Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Sheriff Commissary Fund
RECEIPTS						
Property Taxes	\$ 1,196	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	188	-	3,450	-	-	-
Charges for Services	-	6,140	-	-	-	8,711
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>1,384</u>	<u>6,140</u>	<u>3,450</u>	<u>-</u>	<u>-</u>	<u>8,711</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	19,927	5,521	-	-	208
Public Assistance	2,326	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,326</u>	<u>19,927</u>	<u>5,521</u>	<u>-</u>	<u>-</u>	<u>208</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(942)</u>	<u>(13,787)</u>	<u>(2,071)</u>	<u>-</u>	<u>-</u>	<u>8,503</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	500	18,197	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>500</u>	<u>18,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(442)	4,410	(2,071)	-	-	8,503
FUND BALANCES - BEGINNING	<u>465</u>	<u>21,236</u>	<u>12,645</u>	<u>609</u>	<u>4,973</u>	<u>1,668</u>
FUND BALANCES - ENDING	<u>\$ 23</u>	<u>\$ 25,646</u>	<u>\$ 10,574</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 10,171</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Drug Education	-	-	-	609	-	-
Law Enforcement	-	-	-	-	4,973	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	25,646	10,574	-	-	10,171
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	23	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 23</u>	<u>\$ 25,646</u>	<u>\$ 10,574</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 10,171</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, 2019

	Juvenile Services Fund	Highway Allocation Bond Fund	Natural Disaster Fund	Jail Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 182,586	\$ -	\$ 364,500	\$ 580,510
Intergovernmental	82,771	20,003	-	39,971	146,883
Charges for Services	-	-	-	-	21,353
Miscellaneous	-	-	-	-	50
TOTAL RECEIPTS	<u>82,771</u>	<u>202,589</u>	<u>-</u>	<u>404,471</u>	<u>748,796</u>
DISBURSEMENTS					
General Government	-	-	-	-	6,282
Public Safety	69,505	-	-	-	95,161
Public Assistance	-	-	-	-	4,027
Culture and Recreation	-	-	-	-	45,572
Debt Service:					
Principal Payments	-	90,000	-	225,000	315,000
Interest and Fiscal Charges	-	27,367	-	80,865	108,232
TOTAL DISBURSEMENTS	<u>69,505</u>	<u>117,367</u>	<u>-</u>	<u>305,865</u>	<u>574,274</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>13,266</u>	<u>85,222</u>	<u>-</u>	<u>98,606</u>	<u>174,522</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	18,697
Transfers out	(18,197)	-	-	-	(18,197)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(18,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balances	(4,931)	85,222	-	98,606	175,022
FUND BALANCES - BEGINNING	<u>4,931</u>	<u>315,903</u>	<u>204,764</u>	<u>366,831</u>	<u>1,243,093</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 401,125</u>	<u>\$ 204,764</u>	<u>\$ 465,437</u>	<u>\$ 1,418,115</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	22,248
Drug Education	-	-	-	-	609
Law Enforcement	-	-	-	-	4,973
Preservation of Records	-	-	-	-	2,319
Debt Service	-	401,125	-	465,437	866,562
Natural Disasters	-	-	204,764	-	204,764
Committed to:					
Law Enforcement	-	-	-	-	285,232
Road Maintenance	-	-	-	-	19,761
Aid and Assistance	-	-	-	-	11,647
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 401,125</u>	<u>\$ 204,764</u>	<u>\$ 465,437</u>	<u>\$ 1,418,115</u>

(Concluded)

RICHARDSON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2019

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Emergency Manager	Total
BALANCES JULY 1, 2018	\$ 12,164	\$ 63,315	\$ 37,342	\$ 1,774	\$ 2,014	\$ 467	\$ 1,290	\$ 118,366
RECEIPTS								
Property Taxes	-	-	1,784	-	-	-	-	1,784
Licenses and Permits	1,175	-	490	-	1,050	-	-	2,715
Intergovernmental	-	-	24,226	-	-	2,325	-	26,551
Charges for Services	61,226	19,891	47,884	530	7,935	-	-	137,466
Miscellaneous	752	-	6,086	-	42,713	391	8,061	58,003
State Fees	57,067	23,633	-	-	396	-	-	81,096
Other Liabilities	-	179,332	156,631	56,500	-	-	-	392,463
TOTAL RECEIPTS	120,220	222,856	237,101	57,030	52,094	2,716	8,061	700,078
DISBURSEMENTS								
Payments to County Treasurer	61,988	20,573	62,328	590	49,233	-	-	194,712
Payments to State Treasurer	59,183	23,649	-	-	-	-	-	82,832
Other Liabilities	693	191,484	181,377	57,852	1,879	2,273	8,351	443,909
TOTAL DISBURSEMENTS	121,864	235,706	243,705	58,442	51,112	2,273	8,351	721,453
BALANCES JUNE 30, 2019	<u>\$ 10,520</u>	<u>\$ 50,465</u>	<u>\$ 30,738</u>	<u>\$ 362</u>	<u>\$ 2,996</u>	<u>\$ 910</u>	<u>\$ 1,000</u>	<u>\$ 96,991</u>
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 5,852	\$ 3,050	\$ 27,115	\$ 80	\$ 1,996	\$ 910	\$ -	\$ 39,003
Petty Cash	150	-	3,000	-	1,000	-	1,000	5,150
Due to State Treasurer	4,518	3,635	22	-	-	-	-	8,175
Due to Others	-	43,780	601	282	-	-	-	44,663
BALANCES JUNE 30, 2019	<u>\$ 10,520</u>	<u>\$ 50,465</u>	<u>\$ 30,738</u>	<u>\$ 362</u>	<u>\$ 2,996</u>	<u>\$ 910</u>	<u>\$ 1,000</u>	<u>\$ 96,991</u>

RICHARDSON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2019

Item	2014	2015	2016	2017	2018
Tax Certified by Assessor					
Real Estate	\$ 18,073,156	\$ 19,976,860	\$ 20,293,595	\$ 19,973,827	\$ 19,185,780
Personal and Specials	1,293,422	1,294,780	1,179,376	1,050,958	958,422
Total	19,366,578	21,271,640	21,472,971	21,024,785	20,144,202
Corrections					
Additions	1,741	1,516	2,478	950	2,519
Deductions	(6,683)	(697)	(2,412)	(1,985)	(921)
Net Additions/ (Deductions)	(4,942)	819	66	(1,035)	1,598
Corrected Certified Tax	19,361,636	21,272,459	21,473,037	21,023,750	20,145,800
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	12,674,398	-	-	-	-
June 30, 2016	6,669,278	13,718,553	-	-	-
June 30, 2017	9,857	7,528,821	13,956,096	-	-
June 30, 2018	2,248	18,354	7,501,312	13,669,365	-
June 30, 2019	1,326	2,029	6,816	7,338,341	12,950,045
Total Net Collections	19,357,107	21,267,757	21,464,224	21,007,706	12,950,045
Total Uncollected Tax	\$ 4,529	\$ 4,702	\$ 8,813	\$ 16,044	\$ 7,195,755
Percentage Uncollected Tax	0.02%	0.02%	0.04%	0.08%	35.72%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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, 2019, 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 24, 2019. 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 Board'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 24, 2019.

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 24, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 24, 2019

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, 2019, and have issued our report thereon dated September 24, 2019. 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 Board'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 ATTORNEY

Excess Balance

As of June 30, 2019, the County Attorney had an unknown trust balance of \$207. The County Attorney could not identify the proper recipient of these funds.

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

When all monies received and checks written by the County Attorney's office are not appropriately accounted for, and there is a failure to determine asset-to-liability balancing variances, there is an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Attorney review monies held in trust and remit any balances that cannot be accounted for to the County Treasurer or State Treasurer, as appropriate.

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 the audit, we tested five County Board minute publications and noted that none were published within the required 10 days, 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 three meetings tested, and in 12 days for the remaining two meetings 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 in compliance 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 is published within 10 working days of the close of a meeting.

County Board'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.

It should be noted that the County Clerk does send to the media shortly after each meeting the DRAFT meeting minutes which they use as a news release in their next news broadcast and/or publication.

COUNTY CLERK

Balancing Procedures

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

- \$9 received in July 2017 had not been remitted to the County Treasurer as of June 30, 2019. This was also noted during the prior audit.
- An excess \$58 balance was maintained in the Register of Deeds' bank account at June 30, 2019. The County Clerk could not identify the source or proper recipient of these excess funds.

Sound accounting practices and good internal controls require procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (unremitted fees 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 to the County Treasurer the \$9 from July 2017 and continue to research the excess \$58 balance. If the source and proper recipient of these funds cannot be determined, we recommend any unknown balance be remitted to the County Treasurer. Additionally, we recommend procedures be implemented to ensure monthly asset-to-liability reconciliations are performed and all variances are resolved timely.

County Clerk's Response: The excess \$58 balance of the Register of Deeds account has been remitted to the County Treasurer and the \$9 balance within the County Clerk account will be remitted to the County Treasurer after a further review of that account is done by the staff. Procedures have been reviewed and are in place to assure that errors are determined and corrected during reconciliation.

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, 2019, office records indicated office assets (e.g., cash on hand, reconciled bank balance, accounts receivable, etc.) exceeded office liabilities (e.g., fees, trust balances, accounts payable, etc.), resulting in an unexplained cash long of \$13,122 in the operating account and a cash long of \$435 in the commissary account.
- Complete and accurate bank reconciliations for June 30, 2019, were not provided. The June 30, 2019, reconciliation for the operating account included \$5 as an outstanding deposit that was recorded on May 23, 2019. This \$5 appears to have been an accounts receivable that was not received as of June 30, 2019. We also noted this \$5 was not reported on the provided accounts receivable listing. The June 30, 2019, reconciliation for the commissary account did not include \$565 of checks that were noted as outstanding in the prior year and were still outstanding at June 30, 2019.

- Grant funds of \$1,756 received in February 2018 and prisoner housing payments of \$2,255 received in February 2017 had not been remitted to the County Treasurer as of June 30, 2019.
- We noted that accumulated bank charges, totaling \$744, were withdrawn from the commissary bank account and not credited back from the bank or reimbursed by the County, if deemed appropriate. Of this amount, \$91 was incurred during fiscal year 2019, \$422 during fiscal year 2018, and \$231 in fiscal year 2017.

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

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 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; 3) complete and accurate financial records are maintained; and 4) monies received in the office are remitted timely to the County Treasurer.

Without such procedures, 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 transactions and balances recorded in the accounting system be reviewed, and any monies received be remitted timely to the County Treasurer.

Petty Cash Procedures

During the audit, the County Sheriff was authorized a petty cash balance of \$3,000. Of this authorized amount, \$2,700 is held in a separate bank account used solely for petty cash expense purposes. At June 30, 2019, this petty cash account was long by \$176. This long is a result of the County Sheriff not completing accurate monthly reconciliations. On the June 30, 2019, petty cash reconciliation, the County Sheriff included an outstanding deposit, totaling \$254, which was a duplicate entry, and an outstanding debit card expense, totaling \$25, which was recorded in March 2019 but never cleared the bank and should not have been included on the June 2019 reconciliation.

Furthermore, we noted one petty cash reimbursement, totaling \$2,262, for transporting an inmate was inappropriately paid out of the County Sheriff's operating bank account, not the petty cash bank account. In addition, this same claim was filed 144 days after the expenses were incurred.

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."

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) provides, in relevant part, the following:

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

Furthermore, good internal controls require procedures to ensure all petty cash funds are maintained at the authorized amount, and all petty cash claims are appropriate and paid out of accounts that contain authorized petty cash funds.

When petty cash claims are not filed with the County Clerk within 90 days, the County Sheriff is not in compliance with State statute. Furthermore, when the petty cash is not reconciled to the authorized amount and petty cash expenses are paid out of accounts without petty cash funds, there is an increased risk of loss or misuse of funds.

We recommend the County Sheriff implement procedures to ensure the following: 1) all reimbursement requests for petty cash activity are made timely; 2) all petty cash funds are maintained and reconciled to the authorized amount; 3) any excess funds noted are remitted to the County Treasurer; and 4) petty cash expenses are paid out of accounts containing authorized petty cash funds.

Prisoner Lodging Contract

During our audit, we tested two prisoner lodging receipts, totaling \$3,465, and noted that the County Sheriff did not have a contract on file to support the rate charged.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) assigns responsibility to the County Board for managing the County funds and County business. In addition, good internal control and sound business practice require 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 the County.

COUNTY VETERANS' SERVICE OFFICER

Donations

During our audit, we noted that the County Veterans' Service Officer received donations of \$391 during fiscal year 2019 that were never remitted to the County Treasurer. Additionally, we noted that \$300 received in fiscal year 2018, \$646 received in fiscal year 2017, and \$235 received in fiscal year 2016 was never remitted to the County Treasurer.

As of June 30, 2019, the balance of the office's bank account was \$178, indicating that a portion of those 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 Veterans' Service Officer be 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