

**AUDIT REPORT
OF
ROCK COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on October 23, 2019

ROCK COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Basis Net Position - Fiduciary Funds	9
Notes to Financial Statements	10 - 19
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	20 - 21
Budgetary Comparison Schedule - Budget and Actual - Major Funds	22 - 23
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	24 - 27
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	28 - 31
Schedule of Office Activities	32
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	33
Government Auditing Standards Section	
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 <i>Government Auditing Standards</i>	34 - 35

ROCK COUNTY
400 State Street
Bassett, NE 68714

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Dustin Craven	Jan. 2021
	Jim Stout	Jan. 2023
	Glen May	Jan. 2023
Assessor	Thomas Ellermeier	Jan. 2023
Attorney	Avery Gurnsey	Jan. 2023
Clerk Clerk of the District Court Election Commissioner Register of Deeds	Daunitta Buoy	Jan. 2023
Sheriff Civil Defense Director	James Anderson	Jan. 2023 Appointed
Treasurer	Mona Davis	Jan. 2023
Weed Superintendent	Mitch Dean	Appointed
Surveyor Highway Superintendent	Lloyd Smith	Appointed
Emergency Manager	Douglas Fox	Appointed
Planning and Zoning Administrator	Janet Kuchera	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

ROCK COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Rock 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 Rock County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, 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 audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the County’s legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the County’s primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Rock County, as of June 30, 2019, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously 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 Rock 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

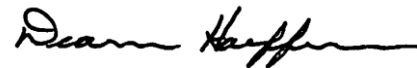
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County’s basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes 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 20-33, 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 October 1, 2019, on our consideration of Rock 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* and considering Rock County's internal control over financial reporting and compliance.

October 1, 2019



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

ROCK COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,702,462
TOTAL ASSETS	\$ 2,702,462
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 12,131
911 Emergency Services	814,110
Hospital Operations	1,757
Debt Service	48,937
Preservation of Records	8,806
County Library	20,344
Road/Bridge Projects	196,930
Capital Projects	93,171
Unrestricted	1,506,276
TOTAL NET POSITION	\$ 2,702,462

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

ROCK 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	\$ (1,051,140)	\$ 99,113	\$ 2,738	\$ (949,289)
Public Safety	(689,054)	44,851	68,805	(575,398)
Public Works	(1,398,506)	10,140	501,122	(887,244)
Health and Sanitation	(269,224)	-	-	(269,224)
Public Assistance	(2,435)	-	-	(2,435)
Culture and Recreation	(100,686)	-	1,548	(99,138)
Debt Payments	(126,675)	-	-	(126,675)
Total Governmental Activities	\$ (3,637,720)	\$ 154,104	\$ 574,213	(2,909,403)

General Receipts:

Property Taxes	2,247,848
Grants and Contributions Not Restricted to Specific Programs	457,593
Investment Income	23,771
Licenses and Permits	6,680
Miscellaneous	41,123
Total General Receipts	2,777,015
 Increase in Net Position	 (132,388)
Net Position - Beginning of year	2,834,850
Net Position - End of year	\$ 2,702,462

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

ROCK 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>911 Wireless Service Holding Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 366,312	\$ 463,712	\$ 449,267	\$ 432,679	\$ 990,492	\$ 2,702,462
TOTAL ASSETS	<u>\$ 366,312</u>	<u>\$ 463,712</u>	<u>\$ 449,267</u>	<u>\$ 432,679</u>	<u>\$ 990,492</u>	<u>\$ 2,702,462</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	12,131	12,131
911 Emergency Services	-	-	-	432,679	381,431	814,110
Hospital Operations	-	-	-	-	1,757	1,757
Debt Service	-	-	-	-	48,937	48,937
Preservation of Records	-	-	-	-	8,806	8,806
County Library	-	-	-	-	20,344	20,344
Road/Bridge Projects	-	-	-	-	196,930	196,930
Capital Projects	-	-	-	-	93,171	93,171
Committed to:						
Road/Bridge Maintenance	-	463,712	-	-	200,000	663,712
Aid and Assistance	-	-	-	-	26,985	26,985
County Buildings	-	-	-	-	-	-
Assigned to:						
Other Purposes	-	-	449,267	-	-	449,267
Unassigned	366,312	-	-	-	-	366,312
TOTAL CASH BASIS FUND BALANCES	<u>\$ 366,312</u>	<u>\$ 463,712</u>	<u>\$ 449,267</u>	<u>\$ 432,679</u>	<u>\$ 990,492</u>	<u>\$ 2,702,462</u>

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

ROCK 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	911 Wireless Service Holding Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 1,539,639	\$ 761	\$ 50,810	\$ -	\$ 656,638	\$ 2,247,848
Licenses and Permits	6,680	-	-	-	-	6,680
Investment Income	22,828	-	-	-	943	23,771
Intergovernmental	209,823	501,122	-	-	320,861	1,031,806
Charges for Services	142,543	10,140	-	-	1,421	154,104
Miscellaneous	9,794	22,508	-	-	8,821	41,123
TOTAL RECEIPTS	<u>1,931,307</u>	<u>534,531</u>	<u>50,810</u>	<u>-</u>	<u>988,684</u>	<u>3,505,332</u>
DISBURSEMENTS						
General Government	803,948	-	181,012	-	66,180	1,051,140
Public Safety	374,470	-	-	41,438	273,146	689,054
Public Works	50,903	1,347,603	-	-	-	1,398,506
Health and Sanitation	-	-	-	-	269,224	269,224
Public Assistance	2,350	-	-	-	85	2,435
Culture and Recreation	8,800	-	-	-	91,886	100,686
Debt Service:						
Principal Payments	-	-	-	-	110,000	110,000
Interest and Fiscal Charges	-	-	-	-	16,675	16,675
TOTAL DISBURSEMENTS	<u>1,240,471</u>	<u>1,347,603</u>	<u>181,012</u>	<u>41,438</u>	<u>827,196</u>	<u>3,637,720</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>690,836</u>	<u>(813,072)</u>	<u>(130,202)</u>	<u>(41,438)</u>	<u>161,488</u>	<u>(132,388)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	25,208	564,550	-	83,087	65,243	738,088
Transfers out	(591,580)	-	-	-	(146,508)	(738,088)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(566,372)</u>	<u>564,550</u>	<u>-</u>	<u>83,087</u>	<u>(81,265)</u>	<u>-</u>
Net Change in Fund Balances	124,464	(248,522)	(130,202)	41,649	80,223	(132,388)
CASH BASIS FUND BALANCES - BEGINNING	<u>241,848</u>	<u>712,234</u>	<u>579,469</u>	<u>391,030</u>	<u>910,269</u>	<u>2,834,850</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 366,312</u>	<u>\$ 463,712</u>	<u>\$ 449,267</u>	<u>\$ 432,679</u>	<u>\$ 990,492</u>	<u>\$ 2,702,462</u>

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

ROCK COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
 June 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 126,830
 LIABILITIES	
Due to other governments	
State	21,481
Schools	60,549
Educational Service Units	536
Technical College	4,057
Natural Resource Districts	4,232
Fire Districts	19,230
Municipalities	4,898
Agricultural Society	146
Airport Authority	6,662
Others	5,039
TOTAL LIABILITIES	126,830
TOTAL NET ASSETS	\$ -

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

ROCK 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 Rock County.

A. Reporting Entity

Rock County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Component Unit. These financial statements present the County (the primary government). The Rock County Hospital (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

Joint Organization.

Behavioral Health Region IV – 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 IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

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 \$6,923 toward

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

Health Department – The County has entered into an agreement with the North Central 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 contributed \$270 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 and the Hospital. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

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

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

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

The County reports the following major governmental funds:

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

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and 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.

911 Wireless Service Holding Fund. This fund is used to account for the receipts generated from E911 surcharges and set aside for future use and 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 Hospital Bond Fund accounts for the resources for, and the payment of, the Hospital long-term debt principal, interest, and related costs.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,196,186 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.

ROCK 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 \$2,702,462 for County funds and \$126,830 for Fiduciary funds. The bank balances for all funds totaled \$2,834,779. 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.

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 \$.340355/\$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 \$.318292/\$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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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, 46 employees contributed \$45,277, and the County contributed \$67,363. Contributions included \$1,104 in cash contributions towards the supplemental law enforcement plan for four law enforcement employees.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 96 counties and local governments throughout Nebraska.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management (Concluded)

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

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. Interfund Transfers

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

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 25,208	\$ 25,208
Road Fund	564,550	-	-	564,550
911 Wireless Service Holding Fund	-	-	83,087	83,087
Nonmajor Funds	27,030	-	38,213	65,243
Total	\$ 591,580	\$ -	\$ 146,508	\$ 738,088

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

In the year ended June 30, 2019, the County made a one-time transfer of \$21,162 from the County Library Fund to the General Fund to reimburse the General Fund for a prior year transfer. In addition, the County approved a transfer of \$4,046 from the KBRC 911 Fund to the General Fund to refund an overpayment made by the County on its contribution to the KBRC 911 Fund.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Capital Leases Payable

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

	CAT Motorgraders
Balance July 1, 2018	\$ 285,905
Purchases	-
Payments	74,368
Balance June 30, 2019	\$ 211,537
Future Payments:	
Year	
2020	\$ 81,398
2021	64,696
2022	49,904
2023	24,952
Total Payments	220,950
Less Interest	(9,413)
Present Value of Future Minimum Lease Payments	\$ 211,537
Carrying Value of the Related Fixed Asset	\$ 390,918

8. Contingent Liabilities

The County is a defendant in one lawsuit. Although the outcome of this lawsuit is not presently determinable, the County Attorney believes the resolution of the matter will not have a materially adverse effect on the financial condition of the County.

9. Long-Term Debt

General Obligation Hospital Bonds

The County issued bonds on August 1, 2011, for the purpose of paying the costs of renovations to the Rock County Hospital. On April 20, 2016, the County refinanced this bond for \$1,200,000. The bond payable balance, as of June 30, 2019, was \$875,000. 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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

9. Long-Term Debt (Concluded)

Future Payments:

Year	Principal	Interest	Total
2020	\$ 115,000	\$ 15,465	\$ 130,465
2021	120,000	14,028	134,028
2022	120,000	12,348	132,348
2023	125,000	10,487	135,487
2024	130,000	8,300	138,300
2025-2026	265,000	8,670	273,670
Total Payments	<u>\$ 875,000</u>	<u>\$ 69,298</u>	<u>\$ 944,298</u>

Courthouse Improvement Debt

The County issued debt on September 12, 2016, for the purpose of paying the costs of remodeling and improving the County courthouse building. The payable balance of this debt, as of June 30, 2019, was \$265,086. 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	\$ 17,491	\$ 6,519	\$ 24,010
2021	17,932	6,078	24,010
2022	18,383	5,627	24,010
2023	18,845	5,165	24,010
2024	19,319	4,691	24,010
2025-2029	104,135	15,916	120,051
2030-2032	68,981	3,049	72,030
Total Payments	<u>\$ 265,086</u>	<u>\$ 47,045</u>	<u>\$ 312,131</u>

Road Bonds

The County issued bonds on September 5, 2019, in the amount of \$765,000 for the purpose of infrastructure repair damages caused by flooding during the fiscal year 2019. 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 possible Federal and State reimbursements or tax resources will be used to pay off the bonds.

ROCK 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	\$ 1,805,530	\$ 1,805,530	\$ 1,539,639	\$ (265,891)
Licenses and Permits	5,675	5,675	6,680	1,005
Interest	12,000	12,000	22,828	10,828
Intergovernmental	11,331	11,331	209,823	198,492
Charges for Services	135,607	135,607	142,543	6,936
Miscellaneous	2,999	2,999	9,794	6,795
TOTAL RECEIPTS	<u>1,973,142</u>	<u>1,973,142</u>	<u>1,931,307</u>	<u>(41,835)</u>
DISBURSEMENTS				
General Government:				
County Board	51,150	51,800	51,798	2
County Clerk	94,020	94,020	93,712	308
County Treasurer	86,740	86,740	83,142	3,598
Register of Deeds	-	-	-	-
County Assessor	91,940	91,940	86,080	5,860
Election Commissioner	10,950	10,950	8,386	2,564
Building and Zoning	5,000	5,000	4,729	271
Board of Equalization	17,600	17,600	12,000	5,600
Clerk of the District Court	44,350	44,350	8,546	35,804
County Court System	2,600	2,600	2,102	498
Building and Grounds	56,950	56,950	50,686	6,264
Agricultural Extension Agent	25,740	25,740	25,740	-
Employment Security	5,000	5,000	-	5,000
Miscellaneous	466,200	459,164	377,027	82,137
Public Safety				
County Sheriff	298,680	305,035	305,034	1
County Attorney	56,070	56,070	55,200	870
County Jail	10,500	10,500	4,605	5,895
Ambulance	9,600	9,631	9,631	-
Public Works				
County Surveyor	4,000	4,000	-	4,000
Noxious Weed Control	37,600	37,600	32,322	5,278
Noxious Weed Chemical	20,000	20,000	18,581	1,419
Public Assistance				
Veterans' Service Officer	2,500	2,500	2,350	150
Institutions	2,000	2,000	-	2,000
Relief	6,000	6,000	-	6,000
Culture and Recreation				
Historical Society	8,800	8,800	8,800	-
TOTAL DISBURSEMENTS	<u>1,413,990</u>	<u>1,413,990</u>	<u>1,240,471</u>	<u>173,519</u>

ROCK 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	559,152	559,152	690,836	131,684
OTHER FINANCING SOURCES (USES)				
Transfers in	23,420	23,420	25,208	1,788
Transfers out	(599,420)	(599,420)	(591,580)	7,840
TOTAL OTHER FINANCING SOURCES (USES)	(576,000)	(576,000)	(566,372)	9,628
Net Change in Fund Balance	(16,848)	(16,848)	124,464	141,312
FUND BALANCE - BEGINNING	241,848	241,848	241,848	-
FUND BALANCE - ENDING	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 366,312</u>	<u>\$ 141,312</u>

(Concluded)

ROCK 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				
Taxes	\$ -	\$ -	\$ 761	\$ 761
Intergovernmental	476,950	476,950	501,122	24,172
Charges for Services	5,300	5,300	10,140	4,840
Miscellaneous	3,506	3,506	22,508	19,002
TOTAL RECEIPTS	485,756	485,756	534,531	48,775
DISBURSEMENTS	1,460,300	1,460,300	1,347,603	112,697
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(974,544)	(974,544)	(813,072)	161,472
OTHER FINANCING SOURCES (USES)				
Transfers in	564,550	564,550	564,550	-
Transfers out	(2,240)	(2,240)	-	2,240
TOTAL OTHER FINANCING SOURCES (USES)	562,310	562,310	564,550	2,240
Net Change in Fund Balance	(412,234)	(412,234)	(248,522)	163,712
FUND BALANCE - BEGINNING	712,234	712,234	712,234	-
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 463,712</u>	<u>\$ 163,712</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 82,782	\$ 82,782	\$ 50,810	\$ (31,972)
TOTAL RECEIPTS	82,782	82,782	50,810	(31,972)
DISBURSEMENTS	662,251	662,251	181,012	481,239
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(579,469)	(579,469)	(130,202)	449,267
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(579,469)	(579,469)	(130,202)	449,267
FUND BALANCE - BEGINNING	579,469	579,469	579,469	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,267</u>	<u>\$ 449,267</u>

(Continued)

ROCK 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>911 WIRELESS SERVICE HOLDING FUND</u>				
RECEIPTS				
TOTAL RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
	501,810	501,810	41,438	460,372
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	(501,810)	(501,810)	(41,438)	460,372
OTHER FINANCING SOURCES (USES)				
Transfers in	110,780	110,780	83,087	(27,693)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	110,780	110,780	83,087	(27,693)
Net Change in Fund Balance	(391,030)	(391,030)	41,649	432,679
FUND BALANCE - BEGINNING	391,030	391,030	391,030	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 432,679	\$ 432,679

(Concluded)

ROCK 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)
HIGHWAY BUYBACK FUND				
Receipts	\$ 70,053	\$ 70,053	\$ 70,053	\$ -
Disbursements	(196,930)	(196,930)	-	196,930
Net Change in Fund Balance	(126,877)	(126,877)	70,053	196,930
Fund Balance - Beginning	126,877	126,877	126,877	-
Fund Balance - Ending	\$ -	\$ -	\$ 196,930	\$ 196,930
BKR BRIDGE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(200,000)	(200,000)	-	200,000
Net Change in Fund Balance	(200,000)	(200,000)	-	200,000
Fund Balance - Beginning	200,000	200,000	200,000	-
Fund Balance - Ending	\$ -	\$ -	\$ 200,000	\$ 200,000
VISITORS PROMOTION FUND				
Receipts	\$ 4,696	\$ 4,696	\$ 1,913	\$ (2,783)
Disbursements	(15,000)	(15,000)	(2,000)	13,000
Net Change in Fund Balance	(10,304)	(10,304)	(87)	10,217
Fund Balance - Beginning	10,304	10,304	10,304	-
Fund Balance - Ending	\$ -	\$ -	\$ 10,217	\$ 10,217
VISITORS IMPROVEMENT FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 1,914	\$ 414
Disbursements	(1,500)	(1,500)	-	1,500
Net Change in Fund Balance	-	-	1,914	1,914
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,914	\$ 1,914
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 1,415	\$ 1,415	\$ 1,421	\$ 6
Disbursements	(8,800)	(8,800)	-	8,800
Net Change in Fund Balance	(7,385)	(7,385)	1,421	8,806
Fund Balance - Beginning	7,385	7,385	7,385	-
Fund Balance - Ending	\$ -	\$ -	\$ 8,806	\$ 8,806

(Continued)

ROCK 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)
VETERANS' AID FUND				
Receipts	\$ 106	\$ 106	\$ 236	\$ 130
Disbursements	(26,940)	(26,940)	(85)	26,855
Net Change in Fund Balance	(26,834)	(26,834)	151	26,985
Fund Balance - Beginning	26,834	26,834	26,834	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,985</u>	<u>\$ 26,985</u>
COUNTY LIBRARY FUND				
Receipts	\$ 94,442	\$ 94,442	\$ 93,154	\$ (1,288)
Disbursements	(96,500)	(96,500)	(89,886)	6,614
Transfers in	-	-	-	-
Transfers out	(21,180)	(21,180)	(21,162)	18
Net Change in Fund Balance	(23,238)	(23,238)	(17,894)	5,344
Fund Balance - Beginning	38,238	38,238	38,238	-
Fund Balance - Ending	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 20,344</u>	<u>\$ 5,344</u>
COUNTY LIBRARY CAPITAL PROJECTS FUND				
Receipts	\$ 75,008	\$ 75,008	\$ 1	\$ (75,007)
Disbursements	(102,910)	(102,910)	-	102,910
Net Change in Fund Balance	(27,902)	(27,902)	1	27,903
Fund Balance - Beginning	27,902	27,902	27,902	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,903</u>	<u>\$ 27,903</u>
EMERGENCY MANAGEMENT GRANT FUND				
Receipts	\$ 6	\$ 6	\$ -	\$ (6)
Disbursements	(3,360)	(3,360)	-	3,360
Net Change in Fund Balance	(3,354)	(3,354)	-	3,354
Fund Balance - Beginning	3,354	3,354	3,354	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,354</u>	<u>\$ 3,354</u>

(Continued)

ROCK 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)
KBRC 911 FUND				
Receipts	\$ 36,111	\$ 36,111	\$ 8,842	\$ (27,269)
Disbursements	(79,060)	(79,060)	(11,028)	68,032
Transfers in	15,670	15,670	7,835	(7,835)
Transfers out	-	-	(4,046)	(4,046)
Net Change in Fund Balance	(27,279)	(27,279)	1,603	28,882
Fund Balance - Beginning	27,279	27,279	27,279	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,882</u>	<u>\$ 28,882</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 7,551	\$ 7,551	\$ 6,777	\$ (774)
Disbursements	(28,860)	(28,860)	(2,368)	26,492
Net Change in Fund Balance	(21,309)	(21,309)	4,409	25,718
Fund Balance - Beginning	21,309	21,309	21,309	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,718</u>	<u>\$ 25,718</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 135,438	\$ 135,438	\$ 130,993	\$ (4,445)
Disbursements	(135,440)	(135,440)	(82,376)	53,064
Transfers in	-	-	-	-
Transfers out	(110,780)	(110,780)	(83,087)	27,693
Net Change in Fund Balance	(110,782)	(110,782)	(34,470)	76,312
Fund Balance - Beginning	110,782	110,782	110,782	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,312</u>	<u>\$ 76,312</u>
EMERGENCY MANAGEMENT FUND				
Receipts	\$ 151,035	\$ 151,035	\$ 169,876	\$ 18,841
Disbursements	(157,530)	(157,530)	(140,134)	17,396
Transfers in	19,200	19,200	19,195	(5)
Transfers out	(38,210)	(38,210)	(38,213)	(3)
Net Change in Fund Balance	(25,505)	(25,505)	10,724	36,229
Fund Balance - Beginning	39,255	39,255	39,255	-
Fund Balance - Ending	<u>\$ 13,750</u>	<u>\$ 13,750</u>	<u>\$ 49,979</u>	<u>\$ 36,229</u>

(Continued)

ROCK 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)
EMERGENCY MANAGEMENT CAPITAL PROJECTS FUND				
Receipts	\$ 30,720	\$ 30,720	\$ 8,207	\$ (22,513)
Disbursements	(68,930)	(68,930)	-	68,930
Transfers in	38,210	38,210	38,213	3
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	46,420	46,420
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,420</u>	<u>\$ 46,420</u>
OTHER CAPITAL PROJECTS FUND				
Receipts	\$ 45,944	\$ 45,944	\$ 39,372	\$ (6,572)
Disbursements	(81,600)	(81,600)	(66,180)	15,420
Net Change in Fund Balance	(35,656)	(35,656)	(26,808)	8,848
Fund Balance - Beginning	45,656	45,656	45,656	-
Fund Balance - Ending	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 18,848</u>	<u>\$ 8,848</u>
AMBULANCE REPLACEMENT FUND				
Receipts	\$ 68,487	\$ 68,487	\$ 67,103	\$ (1,384)
Disbursements	(235,810)	(235,810)	(37,240)	198,570
Net Change in Fund Balance	(167,323)	(167,323)	29,863	197,186
Fund Balance - Beginning	167,323	167,323	167,323	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,186</u>	<u>\$ 197,186</u>
HOSPITAL OPERATING FUND				
Receipts	\$ 10,312,320	\$ 10,312,320	\$ 268,517	\$ (10,043,803)
Disbursements	(10,543,350)	(10,543,350)	(269,224)	10,274,126
Net Change in Fund Balance	(231,030)	(231,030)	(707)	230,323
Fund Balance - Beginning	665,900	665,900	2,464	(663,436)
Fund Balance - Ending	<u>\$ 434,870</u>	<u>\$ 434,870</u>	<u>\$ 1,757</u>	<u>\$ (433,113)</u>
HOSPITAL BOND FUND				
Receipts	\$ 126,420	\$ 126,420	\$ 120,305	\$ (6,115)
Disbursements	(126,700)	(126,700)	(126,675)	25
Net Change in Fund Balance	(280)	(280)	(6,370)	(6,090)
Fund Balance - Beginning	55,307	55,307	55,307	-
Fund Balance - Ending	<u>\$ 55,027</u>	<u>\$ 55,027</u>	<u>\$ 48,937</u>	<u>\$ (6,090)</u>

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

	Highway Buyback Fund	BKR Bridge Fund	Visitors Promotion Fund	Visitors Improvement Fund	Register of Deeds Preservation Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 1,913	\$ 1,914	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	70,053	-	-	-	-
Charges for Services	-	-	-	-	1,421
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>70,053</u>	<u>-</u>	<u>1,913</u>	<u>1,914</u>	<u>1,421</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	2,000	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>70,053</u>	<u>-</u>	<u>(87)</u>	<u>1,914</u>	<u>1,421</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	70,053	-	(87)	1,914	1,421
FUND BALANCES - BEGINNING	<u>126,877</u>	<u>200,000</u>	<u>10,304</u>	<u>-</u>	<u>7,385</u>
FUND BALANCES - ENDING	<u>\$ 196,930</u>	<u>\$ 200,000</u>	<u>\$ 10,217</u>	<u>\$ 1,914</u>	<u>\$ 8,806</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	10,217	1,914	-
911 Emergency Services	-	-	-	-	-
Hospital Operations	-	-	-	-	-
Debt Service	-	-	-	-	-
Preservation of Records	-	-	-	-	8,806
County Library	-	-	-	-	-
Road/Bridge Projects	196,930	-	-	-	-
Capital Projects	-	-	-	-	-
Committed to:					
Road/Bridge Maintenance	-	200,000	-	-	-
Aid and Assistance	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 196,930</u>	<u>\$ 200,000</u>	<u>\$ 10,217</u>	<u>\$ 1,914</u>	<u>\$ 8,806</u>

ROCK 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	County Library Fund	County Library Capital Projects Fund	Emergency Management Grant Fund	KBRC 911 Fund
RECEIPTS					
Property Taxes	\$ -	\$ 79,793	\$ 1	\$ -	\$ -
Investment Income	236	-	-	-	-
Intergovernmental	-	12,336	-	-	8,842
Charges for Services	-	-	-	-	-
Miscellaneous	-	1,025	-	-	-
TOTAL RECEIPTS	<u>236</u>	<u>93,154</u>	<u>1</u>	<u>-</u>	<u>8,842</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	11,028
Health and Sanitation	-	-	-	-	-
Public Assistance	85	-	-	-	-
Culture and Recreation	-	89,886	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>85</u>	<u>89,886</u>	<u>-</u>	<u>-</u>	<u>11,028</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>151</u>	<u>3,268</u>	<u>1</u>	<u>-</u>	<u>(2,186)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	7,835
Transfers out	-	(21,162)	-	-	(4,046)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(21,162)</u>	<u>-</u>	<u>-</u>	<u>3,789</u>
Net Change in Fund Balances	151	(17,894)	1	-	1,603
FUND BALANCES - BEGINNING	<u>26,834</u>	<u>38,238</u>	<u>27,902</u>	<u>3,354</u>	<u>27,279</u>
FUND BALANCES - ENDING	<u>\$ 26,985</u>	<u>\$ 20,344</u>	<u>\$ 27,903</u>	<u>\$ 3,354</u>	<u>\$ 28,882</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	3,354	28,882
Hospital Operations	-	-	-	-	-
Debt Service	-	-	-	-	-
Preservation of Records	-	-	-	-	-
County Library	-	20,344	-	-	-
Road/Bridge Projects	-	-	-	-	-
Capital Projects	-	-	27,903	-	-
Committed to:					
Road/Bridge Maintenance	-	-	-	-	-
Aid and Assistance	26,985	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 26,985</u>	<u>\$ 20,344</u>	<u>\$ 27,903</u>	<u>\$ 3,354</u>	<u>\$ 28,882</u>

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

For the Year Ended June 30, 2019

	911 Emergency Management Fund	911 Wireless Service Fund	Emergency Management Fund	Emergency Management Capital Projects Fund	Other Capital Projects Fund
RECEIPTS					
Property Taxes	\$ 6,777	\$ 130,439	\$ -	\$ -	\$ 34,105
Investment Income	-	-	-	707	-
Intergovernmental	-	554	169,580	-	5,267
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	296	7,500	-
TOTAL RECEIPTS	<u>6,777</u>	<u>130,993</u>	<u>169,876</u>	<u>8,207</u>	<u>39,372</u>
DISBURSEMENTS					
General Government	-	-	-	-	66,180
Public Safety	2,368	82,376	140,134	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,368</u>	<u>82,376</u>	<u>140,134</u>	<u>-</u>	<u>66,180</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>4,409</u>	<u>48,617</u>	<u>29,742</u>	<u>8,207</u>	<u>(26,808)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	19,195	38,213	-
Transfers out	-	(83,087)	(38,213)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(83,087)</u>	<u>(19,018)</u>	<u>38,213</u>	<u>-</u>
Net Change in Fund Balances	4,409	(34,470)	10,724	46,420	(26,808)
FUND BALANCES - BEGINNING	<u>21,309</u>	<u>110,782</u>	<u>39,255</u>	<u>-</u>	<u>45,656</u>
FUND BALANCES - ENDING	<u>\$ 25,718</u>	<u>\$ 76,312</u>	<u>\$ 49,979</u>	<u>\$ 46,420</u>	<u>\$ 18,848</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	25,718	76,312	49,979	-	-
Hospital Operations	-	-	-	-	-
Debt Service	-	-	-	-	-
Preservation of Records	-	-	-	-	-
County Library	-	-	-	-	-
Road/Bridge Projects	-	-	-	-	-
Capital Projects	-	-	-	46,420	18,848
Committed to:					
Road/Bridge Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 25,718</u>	<u>\$ 76,312</u>	<u>\$ 49,979</u>	<u>\$ 46,420</u>	<u>\$ 18,848</u>

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

	Ambulance Replacement Fund	Hospital Operating Fund	Hospital Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 59,178	\$ 236,813	\$ 105,705	\$ 656,638
Investment Income	-	-	-	943
Intergovernmental	7,925	31,704	14,600	320,861
Charges for Services	-	-	-	1,421
Miscellaneous	-	-	-	8,821
TOTAL RECEIPTS	<u>67,103</u>	<u>268,517</u>	<u>120,305</u>	<u>988,684</u>
DISBURSEMENTS				
General Government	-	-	-	66,180
Public Safety	37,240	-	-	273,146
Health and Sanitation	-	269,224	-	269,224
Public Assistance	-	-	-	85
Culture and Recreation	-	-	-	91,886
Debt Service:				
Principal Payments	-	-	110,000	110,000
Interest and Fiscal Charges	-	-	16,675	16,675
TOTAL DISBURSEMENTS	<u>37,240</u>	<u>269,224</u>	<u>126,675</u>	<u>827,196</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>29,863</u>	<u>(707)</u>	<u>(6,370)</u>	<u>161,488</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	65,243
Transfers out	-	-	-	(146,508)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,265)</u>
Net Change in Fund Balances	29,863	(707)	(6,370)	80,223
FUND BALANCES - BEGINNING	<u>167,323</u>	<u>2,464</u>	<u>55,307</u>	<u>910,269</u>
FUND BALANCES - ENDING	<u>\$ 197,186</u>	<u>\$ 1,757</u>	<u>\$ 48,937</u>	<u>\$ 990,492</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	12,131
911 Emergency Services	197,186	-	-	381,431
Hospital Operations	-	1,757	-	1,757
Debt Service	-	-	48,937	48,937
Preservation of Records	-	-	-	8,806
County Library	-	-	-	20,344
Road/Bridge Projects	-	-	-	196,930
Capital Projects	-	-	-	93,171
Committed to:				
Road/Bridge Maintenance	-	-	-	200,000
Aid and Assistance	-	-	-	26,985
TOTAL FUND BALANCES	<u>\$ 197,186</u>	<u>\$ 1,757</u>	<u>\$ 48,937</u>	<u>\$ 990,492</u>

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Weed Superintendent	Veterans' Service Officer	County Planning & Zoning	Emergency Manager	County Library	Total
BALANCES JULY 1, 2018	\$ 9,225	\$ 5,718	\$ 1,042	\$ -	\$ 1,726	\$ 5,471	\$ -	\$ -	\$ 77	\$ 23,259
RECEIPTS										
Property Taxes	-	-	16	-	-	-	-	-	-	16
Licenses and Permits	175	-	340	-	-	-	-	-	-	515
Intergovernmental	-	-	772	-	-	-	-	-	700	1,472
Charges for Services	19,780	2,032	4,268	30	18,885	-	146	-	702	45,843
Miscellaneous	3	-	35	-	-	171	-	85	403	697
State Fees	32,870	2,146	-	-	-	-	-	-	-	35,016
Other Liabilities	485	123,908	23,923	-	-	-	-	-	-	148,316
TOTAL RECEIPTS	53,313	128,086	29,354	30	18,885	171	146	85	1,805	231,875
DISBURSEMENTS										
Payments to County Treasurer	19,789	1,966	4,754	30	20,611	-	-	-	1,725	48,875
Payments to State Treasurer	32,532	2,155	-	-	-	-	-	-	-	34,687
Other Liabilities	656	123,944	24,657	-	-	-	-	31	127	149,415
TOTAL DISBURSEMENTS	52,977	128,065	29,411	30	20,611	-	-	31	1,852	232,977
BALANCES JUNE 30, 2019	<u>\$ 9,561</u>	<u>\$ 5,739</u>	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,642</u>	<u>\$ 146</u>	<u>\$ 54</u>	<u>\$ 30</u>	<u>\$ 22,157</u>
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 6,712	\$ 5,412	\$ 907	\$ -	\$ -	\$ 5,642	\$ 146	\$ 4	\$ -	\$ 18,823
Petty Cash	-	-	40	-	-	-	-	50	30	120
Due to State Treasurer	2,849	159	-	-	-	-	-	-	-	3,008
Due to Others	-	168	38	-	-	-	-	-	-	206
BALANCES JUNE 30, 2019	<u>\$ 9,561</u>	<u>\$ 5,739</u>	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,642</u>	<u>\$ 146</u>	<u>\$ 54</u>	<u>\$ 30</u>	<u>\$ 22,157</u>

ROCK 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	\$ 5,529,033	\$ 5,714,960	\$ 5,555,649	\$ 5,496,207	\$ 5,611,455
Personal and Specials	318,700	261,577	240,895	227,477	197,420
Total	5,847,733	5,976,537	5,796,544	5,723,684	5,808,875
Corrections					
Additions	11,352	730	4,551	5,458	1,493
Deductions	(5,267)	(5,340)	(5,370)	(5,042)	(4,086)
Net Additions/ (Deductions)	6,085	(4,610)	(819)	416	(2,593)
Corrected Certified Tax	5,853,818	5,971,927	5,795,725	5,724,100	5,806,282
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	3,575,481	-	-	-	-
June 30, 2016	2,272,723	3,690,684	-	-	-
June 30, 2017	3,442	2,276,675	3,526,062	-	-
June 30, 2018	913	2,636	2,263,395	3,713,284	-
June 30, 2019	576	905	3,732	2,006,861	3,617,762
Total Net Collections	5,853,135	5,970,900	5,793,189	5,720,145	3,617,762
Total Uncollected Tax	\$ 683	\$ 1,027	\$ 2,536	\$ 3,955	\$ 2,188,520
Percentage Uncollected Tax	0.01%	0.02%	0.04%	0.07%	37.69%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

ROCK 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
Rock 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 Rock County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Rock County's basic financial statements, and have issued our report thereon dated October 1, 2019. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Rock County Hospital, a component unit of Rock County.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rock 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 Rock 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rock 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

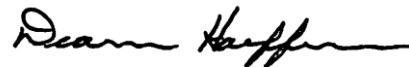
We also noted certain matters that we reported to the management of Rock County in a separate letter dated October 1, 2019.

Rock County's Response to Findings

Rock County declined to respond to the finding described above.

Purpose of this Report

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

October 1, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

October 1, 2019

Board of Commissioners
Rock County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Rock County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated October 1, 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

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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 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.

Abandoned Property

As of June 30, 2019, we noted the following offices had checks outstanding for over three years and, therefore, those uncashed instruments were required to be remitted to the State Treasurer as unclaimed property.

- The County Clerk’s imprest bank account had seven checks, totaling \$538. The issue dates for these checks range from September 2008 to August 2014.
- The County Attorney had one check, totaling \$70, dated June 8, 2005.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) states the following:

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

Neb. Rev. Stat. § 69-1310 (Reissue 2018) 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 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 such procedures 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 Clerk and the 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 Clerk’s Response: I have corrected the Abandoned Property. It has been paid over to the State of Nebraska Unclaimed Property 09/18/19.

Board Approval of Fees

During our audit, we noted that the following offices charged service fees not approved by the County Board, as described below.

- Accident report fees charged by the County Sheriff.
- Weed chemical spraying fees charged by the County Weed Superintendent.
- Plat map and miscellaneous copy fees charged by the County Clerk.
- Late fees and book sales charged by the County Library. A fee schedule was provided; however, this schedule was not approved by the County Board.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) assigns to the County Board responsibility for managing County funds and business. In addition, good internal control and sound accounting practice require fees to be set by the County Board and documented in board minutes, so the public is aware of amounts that should be charged for services.

We recommend the County review this situation and ensure the County Board approves, as well as documents such approval, all fees charged by County offices not authorized by State statute.

County Clerk's Response: The Board Approval of Fees was addressed in the 10/1/19 minutes. This will become a part of our annual meeting.

COUNTY TREASURER

Untimely Remittance of School Funds

During the testing of 10 fund balances, we noted that the County Treasurer was remitting funds collected for the Ainsworth Public Schools only once a year. The balance held by the County Treasurer for the school district at June 30, 2019, was \$26,598.

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2012), states, in relevant part, the following:

On or before the fifteenth day of each month, the county treasurer (i) shall pay to each . . . school district . . . within the county the amount of all funds collected or received for the . . . school district . . . the previous calendar month . . .

When funds are not remitted to the school district monthly, the school district could potentially have a cash flow problem, and the manner of distribution is contrary to that required by State statute.

We recommend the County Treasurer remit funds to the school district monthly, as required by State statute.

County Treasurer's Response: The Ainsworth Public Schools have been paid yearly since the late 1980s. After conversations with the Superintendent, and finding no one knows why it was done that way, I will be paying the school monthly.

COUNTY SHERIFF

Accounting Procedures

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

- Monthly reconciliations between the bank balance and office records were not completed. As of June 30, 2019, the office assets (cash on hand, reconciled bank balance, etc.) exceeded office liabilities (fee and trust accounts), resulting in an unknown long of \$907.
- Receipts for advanced fees are not written at the time the funds are received, but rather when a refund is due to the payee.

A good internal control plan and sound accounting practices require procedures to ensure the following: 1) monthly asset-to-liability reconciliations are performed, and any variances are resolved in a timely manner; and 2) receipts are written at the time funds are received.

Without such procedures, there is an increased risk of loss and/or misuse of funds.

We recommend the County Sheriff implement procedures to ensure the following: 1) office asset-to-liability reconciliations are performed on a monthly basis, and any variances are resolved in a timely manner; and 2) receipts are written at the time funds are received.

Distress Warrant Reports

During our audit, we noted that the County Sheriff failed to file a distress warrant report with the County Board prior to August 1st.

Neb. Rev. Stat. § 77-1719.01 (Reissue 2018) 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 or the verification thereof in a timely fashion not only constitutes noncompliance with State statute but also increases the risk of loss or misuse of funds.

We recommend the County Sheriff implement procedures to ensure the distress warrant report is filed in a timely manner with the County Board, as required by State statute.

COUNTY BOARD

Lack of Adequate Supporting Documentation

During testing, we noted multiple claims, totaling \$27,724, which did not have adequate supporting documentation on file. The following table summarizes the claims tested:

Claim #	Vendor	Amount	Note
181688	Granite City	\$ 47	Receipt was not itemized.
181688	Barnes & Nobel	\$ 17	No support on file.
181688	Miller Time Restaurant	\$ 26	Receipt was not itemized.
181948	Quality Inn & Suites	\$ 36	Food receipt was not itemized.
181041	Rock County Historical Society	\$ 8,800	No support on file.
182129	Cherry County	\$ 18,798	Contract was not on file for 911 services.
	Total	\$ 27,724	

Good internal control requires procedures to ensure that expenditures are adequately supported, and the documentation is retained for subsequent review.

Without such procedures, there is an increased risk for loss or misuse of County funds.

We recommend the County Board implement procedures to ensure all disbursements are adequately supported, and the documentation is retained for subsequent review.

County Clerk’s Response: The Funds that did not have itemized receipts were contacted on proper procedure. Emergency Management is working on the contract with Cherry County for 911 Services.

Employee Leave Policy

During our audit, we noted that the County did not have a formal policy regarding employees' paid vacation and sick leave.

Good internal controls and sound business practices require procedures to ensure employees' leave usage, earnings, and balances are in compliance with a formal leave policy. Furthermore, good internal control requires procedures to ensure leave balances are periodically reviewed by the County Board and in compliance with the County Board's policy.

In addition to helping prevent abuse of leave, such procedures would raise the County's awareness of any large payouts that might be pending.

Without these procedures, moreover, the risk for loss or misuse of County funds would be increased appreciably.

We recommend the County Board implement procedures for obtaining and reviewing employee leave balances, ensuring that such leave is accrued and used in accordance with a formal policy.

County Clerk's Response: We are in the process of implementing a county handbook. Hoping to have it in place by January 1, 2020.

Inventory Issues

During our audit, we noted the following related to the County's inventory process:

- The County did not have a formal inventory policy.
- Two County office inventory lists were not filed with the County Board.
- The County lacked procedures for ensuring that all purchases were added to the inventory lists. We noted an Ambulance Defibrillator for \$36,760 was not included on the County's inventory listing. We also noted that one computer in the County Sheriff's office was not included on the inventory listing.

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

Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer. The county board in each county shall examine into each inventory statement so filed, and, if said statement is correct and proper in every particular, the county board shall deliver each of said inventory statements to the clerk of the county for filing as a public record in said county clerk's office in a manner convenient for reference.

A good internal control plan requires a formal inventory policy to be approved by the County Board and implemented and followed by each County officer. The inventory policy should specify the dollar threshold for those items required to be included on the inventory listing. The inventory policy should also require that any removal of inventory be reported to the County Board.

Without an adequate inventory policy and procedures, there is an increased risk for loss of items and non-compliance with State statute.

We recommend the County implement an inventory policy that includes procedures for ensuring that all required purchases are added to the inventory lists, any removal of inventory is reported to the County Board, and all inventory is reported to and approved by the County Board annually, as required by State statute.

COUNTY CLERK

Office Procedures

During review of the County Clerk's office, we noted that two bank accounts with County funds were being held by the County Clerk. The funds held in these accounts were from Community Development Block Grants from the Nebraska Department of Economic Development. The funds in these accounts should have been remitted to the County Treasurer. The balances in these two accounts were \$4,539 and \$179.

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

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.

Good internal controls and accounting procedures require the office to have procedures in place to ensure that all money belonging to the County is remitted timely to the County Treasurer.

When County funds are not held by the County Treasurer, as required by State statute, there is an increased risk for the loss of funds.

We recommend the County Clerk either remit to the County Treasurer the grant funds received by the County or return them to the Nebraska Department of Economic Development.

County Clerk's Response: The account with \$4539.00 was turned over to CDBG & CDBG said to pay the \$179.00 to General. Both have been done.

COUNTY LIBRARY

Accounting Procedures

During the audit, we noted that the County Library did not maintain any receipts or receipt records besides a monthly remittance report that is created based on counting checks and cash at the end of each month. In addition, it was noted that the County Library remits those receipts to the County Treasurer monthly, regardless of the amount of funds received.

Good internal control requires procedures to ensure that all County Library financial activity is recorded and accounted for when money is received, and timely remittances to the County Treasurer are made based on the amount of funds received.

Without such procedures, there is an increased risk of theft, misuse, or loss of County funds.

We recommend the County Library implement procedures to ensure all receipt activity is recorded and documented when funds are received by the office, and timely remittances of those receipts are made to the County Treasurer based on the amount of funds received.

COUNTY EMERGENCY MANAGER

Petty Cash Procedures

During our audit, we noted the following regarding the County Emergency Manager's petty cash procedures:

- Claims for reimbursement of expenses, totaling \$29, incurred by the County Emergency Manager were not filed with the County Clerk within 90 days, as required by statute. As of June 30, 2019, such tardiness ranged from 250 to 45 days late. The following table summarizes these petty cash expenses:

Date	Vendor	Amount	Days Late
7/25/18	USPS	\$ 2.26	250
7/26/18	USPS	\$ 3.75	249
8/27/18	USPS	\$ 1.84	217
9/11/18	USPS	\$ 9.85	202
11/5/18	USPS	\$ 1.84	147
12/28/18	USPS	\$ 1.42	94
1/7/19	USPS	\$ 1.84	84
2/15/19	USPS	\$ 6.25	45
Total		\$ 29.05	

- The petty cash account was not reconciled to the authorized amount during the fiscal year, resulting in an unexplained cash long of \$4 as of June 30, 2019.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states, 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

Good internal control requires procedures to ensure that claims for reimbursement of expenses incurred are filed with the County Clerk in a timely manner, and petty cash funds are reconciled routinely to the authorized amount.

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

We recommend the County Emergency Manager implement procedures to ensure each claim for reimbursement of expenses is filed with the County Clerk within 90 days of when the expense is incurred, as required by State statute. We further recommend the County Emergency Manager ensure the petty cash fund is reconciled routinely to the authorized amount.

COUNTY CLERK OF THE DISTRICT COURT

Review of Overdue Case Balance Report

We noted that the County Clerk of the District Court was not reviewing the Overdue Case Balance Report to ensure the balances therein were proper, and appropriate action to collect or resolve those balances was taken timely during fiscal year 2019. As of June 28, 2019, the report contained six overdue criminal cases, with a total owed of \$12,529. Of this total, one case from 2009 shows a balance of \$10,170 due.

Good internal control and sound business practices require procedures to ensure that overdue balances of the District Court are reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances.

Without such procedures, there is an increased risk for the loss of funds.

We recommend the County Clerk of the District Court implement procedures to ensure the Overdue Case Balance Report is reviewed on an ongoing basis, and appropriate follow-up action is taken. Potential courses of action for follow up would include issuance of warrants, a judge's determination and order to waive certain costs, if allowable, or a declaration of certain balances as uncollectible.

County Clerk's Response: An e-mail has been sent to the County Attorney. He is supposed to file a Motion to waive fees & fines for 3 deceased Defendants totaling \$10990.14. The other case in question, there will be an order to show cause issued on 1 case for \$879.00. Hoping to have this done on our next Motion day October 15, 2019.

The remaining \$480.00 are 2 ongoing cases. They are probation & drug testing fees.

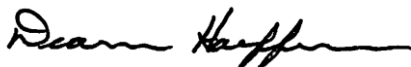
* * * * *

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