

**AUDIT REPORT  
OF  
CUMING COUNTY**

**JULY 1, 2018, THROUGH JUNE 30, 2019**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on April 6, 2020**

CUMING COUNTY

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CUMING COUNTY  
200 S Lincoln  
West Point, NE 68788

**LIST OF COUNTY OFFICIALS**  
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Norbert Holtz	Jan. 2023
	Steven Meister	Jan. 2023
	Judy Mutzenberger	Jan. 2023
	John Ross	Jan. 2021
	Steve Sill	Jan. 2021
	Clarence Tichota	Jan. 2021
	Glen Wiechman	Jan. 2023
Assessor	Cherie Kreikemeier	Jan. 2023
Attorney	Dan Bracht	Jan. 2023
Clerk	Bonnie Vogltance	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Laura Wagner	Jan. 2023
Sheriff	Bradley Boyum	Jan. 2023
Treasurer	Roxann Fast	Jan. 2023
Surveyor	Nick Seery	Jan. 2023
Veterans' Service Officer	Jason Gatzemeyer	Appointed
Emergency Manager		
Weed Superintendent	Daniel Niemeyer	Appointed
Highway Superintendent	Chris Howser	Appointed
Economic Development	Kelly Gentrup	Appointed
Planning and Zoning	Becky Lerch	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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CUMING COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Cuming 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 Cuming 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 Cuming 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**

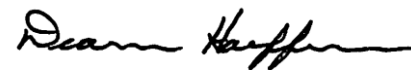
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes 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 17-29, 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 April 1, 2020, on our consideration of Cuming 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 Cuming County's internal control over financial reporting and compliance.

April 1, 2020



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 4,421,172
Investments (Note 1.D)	6,960,472
<b>TOTAL ASSETS</b>	<b>\$ 11,381,644</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 56,478
911 Emergency Services	370,303
Drug Education	161
Preservation of Records	5,418
Music Scholarships	72,627
Extension Services	317
Unrestricted	10,876,340
<b>TOTAL NET POSITION</b>	<b>\$ 11,381,644</b>

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

CUMING COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2019

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (3,067,473)	\$ 427,373	\$ 17,026	\$ (2,623,074)
Public Safety	(1,239,591)	28,958	-	(1,210,633)
Public Works	(4,696,950)	-	2,688,510	(2,008,440)
Public Assistance	(51,968)	-	-	(51,968)
Culture and Recreation	(38,334)	-	-	(38,334)
Total Governmental Activities	<u>\$ (9,094,316)</u>	<u>\$ 456,331</u>	<u>\$ 2,705,536</u>	<u>(5,932,449)</u>

General Receipts:

Property Taxes	4,164,219
Grants and Contributions Not Restricted to Specific Programs	778,913
Investment Income	203,480
Licenses and Permits	37,344
Miscellaneous	323,755
Total General Receipts	<u>5,507,711</u>

Increase in Net Position	(424,738)
Net Position - Beginning of year	11,806,382
Net Position - End of year	<u>\$ 11,381,644</u>

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

CUMING COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**

June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Sinking Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 517,907	\$ 462,461	\$ 2,327,280	\$ 432,489	\$ 681,035	\$ 4,421,172
Investments (Note 1.D)	-	-	1,960,472	5,000,000	-	6,960,472
<b>TOTAL ASSETS</b>	<b>\$ 517,907</b>	<b>\$ 462,461</b>	<b>\$ 4,287,752</b>	<b>\$ 5,432,489</b>	<b>\$ 681,035</b>	<b>\$ 11,381,644</b>
 <b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	56,478	56,478
911 Emergency Services	-	-	-	-	370,303	370,303
Drug Education	-	-	-	-	161	161
Preservation of Records	-	-	-	-	5,418	5,418
Music Scholarships	-	-	-	-	72,627	72,627
Extension Services	-	-	-	-	317	317
Committed to:						
Law Enforcement	-	-	-	-	9,474	9,474
Road Maintenance	-	462,461	-	-	-	462,461
Road Projects and Equipment	-	-	-	5,432,489	-	5,432,489
Disaster Recovery and Relief	-	-	-	-	151,003	151,003
Economic Development	-	-	-	-	15,254	15,254
Assigned to:						
Other Purposes	-	-	4,287,752	-	-	4,287,752
Unassigned	517,907	-	-	-	-	517,907
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 517,907</b>	<b>\$ 462,461</b>	<b>\$ 4,287,752</b>	<b>\$ 5,432,489</b>	<b>\$ 681,035</b>	<b>\$ 11,381,644</b>

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



**CUMING 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	Sinking Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 3,287,835	\$ -	\$ 729,484	\$ -	\$ 146,900	\$ 4,164,219
Licenses and Permits	37,344	-	-	-	-	37,344
Investment Income	203,164	-	-	-	316	203,480
Intergovernmental	381,584	2,403,969	-	282,168	416,728	3,484,449
Charges for Services	441,755	-	-	-	14,576	456,331
Miscellaneous	274,439	36,265	-	8,600	4,451	323,755
<b>TOTAL RECEIPTS</b>	<u>4,626,121</u>	<u>2,440,234</u>	<u>729,484</u>	<u>290,768</u>	<u>582,971</u>	<u>8,669,578</u>
<b>DISBURSEMENTS</b>						
General Government	2,552,600	-	5,115	-	509,758	3,067,473
Public Safety	903,898	-	-	-	335,693	1,239,591
Public Works	14,063	3,098,626	-	1,261,764	322,497	4,696,950
Public Assistance	48,467	-	-	-	3,501	51,968
Culture and Recreation	-	-	12,000	-	26,334	38,334
<b>TOTAL DISBURSEMENTS</b>	<u>3,519,028</u>	<u>3,098,626</u>	<u>17,115</u>	<u>1,261,764</u>	<u>1,197,783</u>	<u>9,094,316</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,107,093</u>	<u>(658,392)</u>	<u>712,369</u>	<u>(970,996)</u>	<u>(614,812)</u>	<u>(424,738)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	681,859	-	1,551,840	1,099,912	3,333,611
Transfers out	(1,725,803)	-	(1,523,500)	-	(84,308)	(3,333,611)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,725,803)</u>	<u>681,859</u>	<u>(1,523,500)</u>	<u>1,551,840</u>	<u>1,015,604</u>	<u>-</u>
Net Change in Fund Balances	(618,710)	23,467	(811,131)	580,844	400,792	(424,738)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>1,136,617</u>	<u>438,994</u>	<u>5,098,883</u>	<u>4,851,645</u>	<u>280,243</u>	<u>11,806,382</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 517,907</u>	<u>\$ 462,461</u>	<u>\$ 4,287,752</u>	<u>\$ 5,432,489</u>	<u>\$ 681,035</u>	<u>\$ 11,381,644</u>

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

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

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 761,190
 <b>LIABILITIES</b>	
Due to other governments	
State	233,475
Schools	136,261
Educational Service Units	3,252
Technical College	20,593
Natural Resource Districts	5,017
Fire Districts	3,827
Municipalities	36,757
Agricultural Society	1,217
JPA	2,166
Townships	189,233
Historical Society	25,000
Hospital	140
Others	104,252
<b>TOTAL LIABILITIES</b>	<b>761,190</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

CUMING 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 Cuming County.

**A. Reporting Entity**

Cuming 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 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 \$40,287 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.

Health Department – The County has entered into an agreement with the Elkhorn Logan Valley Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

**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.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**Sinking Fund.** This fund is used to account for the costs associated with necessary road and bridge construction and improvements and is primarily funded with unrestricted receipts from the General and Inheritance Funds.

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.

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.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

**D. Assets and Net Position**

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

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 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 \$505,304 of restricted net position, of which \$432,677 is 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.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

**Excess of Disbursements Over Appropriations.** For the year ended June 30, 2019, disbursements exceeded budgeted appropriations in the Miscellaneous function of the General Fund by \$374,902. These over-expenditures were funded by greater-than-anticipated receipts and the available fund balance.

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 \$4,421,172 for County funds and \$761,190 for Fiduciary funds. The bank balances for all funds totaled \$5,178,259. 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 did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$6,960,472 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.

CUMING COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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 \$.116230/\$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 \$.118294/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 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, 73 employees contributed \$102,135, and the County contributed \$151,823. Contributions included \$2,758 in cash contributions towards the supplemental law enforcement plan for five law enforcement employees. Lastly, the County paid \$58 directly to one retired employee for prior service benefits.



CUMING 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 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.

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:

<b>Transfers to</b>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 681,859	\$ -	\$ -	\$ 681,859
Sinking Fund	551,840	1,000,000	-	-
Nonmajor Funds	492,104	523,500	84,308	1,099,912
Total	<u>\$ 1,725,803</u>	<u>\$ 1,523,500</u>	<u>\$ 84,308</u>	<u>\$ 3,333,611</u>

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 one-time transfers of \$56,764 from the 911 Wireless Service Fund to the E911 Fund, and \$5,600 from the Lodging Tax Fund to the Economic Development Fund to share payroll costs of a dispatcher and the economic development director, respectively. An

CUMING COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Concluded)

**6. Interfund Transfers** (Concluded)

additional one-time transfer of \$1,340 from the E911 Fund to the E911 Equipment Fund was completed at the direction of the Public Service Commission due to errors in coding. Another one-time transfer of \$19,767 was made from the Special Projects Fund to the Economic Development Fund for County grants paid by the Dinklage Foundation. Lastly, a one-time transfer of \$837 was made from the Economic Development Fund to the Special Project Fund to correct receipting errors made by the County Treasurer.

**CUMING 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)
<b>RECEIPTS</b>				
Taxes	\$ 3,596,682	\$ 3,596,682	\$ 3,287,835	\$ (308,847)
Licenses and Permits	35,500	35,500	37,344	1,844
Interest	100,000	100,000	203,164	103,164
Intergovernmental	67,675	67,675	381,584	313,909
Charges for Services	428,700	428,700	441,755	13,055
Miscellaneous	12,000	12,000	274,439	262,439
<b>TOTAL RECEIPTS</b>	<u>4,240,557</u>	<u>4,240,557</u>	<u>4,626,121</u>	<u>385,564</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	126,456	126,456	121,804	4,652
County Clerk	142,971	142,971	140,578	2,393
County Treasurer	211,021	211,021	194,462	16,559
County Assessor	298,390	298,390	281,919	16,471
Election Commissioner	32,225	32,225	25,369	6,856
Insurance	450,950	450,950	450,862	88
Zoning	47,900	47,900	36,183	11,717
Clerk of the District Court	187,444	187,444	127,309	60,135
County Court System	10,950	10,950	8,704	2,246
District Court - Major Litigation	300,500	300,500	224,624	75,876
District Court - CSA	1,152	1,152	-	1,152
Building and Grounds	209,600	209,600	163,033	46,567
Agricultural Extension Agent	150,347	150,347	129,963	20,384
Miscellaneous	723,150	723,150	647,790	75,360
Public Safety				
County Sheriff	435,722	435,722	426,478	9,244
County Attorney	185,200	185,200	176,681	8,519
County Jail	258,100	258,100	220,834	37,266
Diversion Coordinator	58,075	58,075	51,309	6,766
Emergency Management	45,355	45,355	28,596	16,759
Public Works				
County Surveyor	24,075	24,075	14,063	10,012
Public Assistance				
Veterans' Service Officer	44,450	44,450	43,086	1,364
Institutions	2,500	2,500	1,781	719
Emergency Relief	5,100	5,100	3,600	1,500
<b>TOTAL DISBURSEMENTS</b>	<u>3,951,633</u>	<u>3,951,633</u>	<u>3,519,028</u>	<u>432,605</u>

(Continued)

CUMING 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	288,924	288,924	1,107,093	818,169
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,275,541)	(1,275,541)	(1,725,803)	(450,262)
TOTAL OTHER FINANCING SOURCES (USES)	(1,275,541)	(1,275,541)	(1,725,803)	(450,262)
Net Change in Fund Balance	(986,617)	(986,617)	(618,710)	367,907
<b>FUND BALANCE - BEGINNING</b>	1,136,617	1,136,617	1,136,617	-
<b>FUND BALANCE - ENDING</b>	\$ 150,000	\$ 150,000	\$ 517,907	\$ 367,907

(Concluded)

**CUMING 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)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,279,750	\$ 2,279,750	\$ 2,403,969	\$ 124,219
Miscellaneous	33,314	33,314	36,265	2,951
<b>TOTAL RECEIPTS</b>	<u>2,313,064</u>	<u>2,313,064</u>	<u>2,440,234</u>	<u>127,170</u>
<b>DISBURSEMENTS</b>	<u>3,193,283</u>	<u>3,193,283</u>	<u>3,098,626</u>	<u>94,657</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(880,219)</u>	<u>(880,219)</u>	<u>(658,392)</u>	<u>221,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	591,225	591,225	681,859	90,634
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>591,225</u>	<u>591,225</u>	<u>681,859</u>	<u>90,634</u>
Net Change in Fund Balance	(288,994)	(288,994)	23,467	312,461
FUND BALANCE - BEGINNING	438,994	438,994	438,994	-
FUND BALANCE - ENDING	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 462,461</u>	<u>\$ 312,461</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 729,484	\$ 729,484
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>729,484</u>	<u>729,484</u>
<b>DISBURSEMENTS</b>	<u>4,048,883</u>	<u>4,048,883</u>	<u>17,115</u>	<u>4,031,768</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(4,048,883)</u>	<u>(4,048,883)</u>	<u>712,369</u>	<u>4,761,252</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,050,000)	(1,050,000)	(1,523,500)	(473,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,050,000)</u>	<u>(1,050,000)</u>	<u>(1,523,500)</u>	<u>(473,500)</u>
Net Change in Fund Balance	(5,098,883)	(5,098,883)	(811,131)	4,287,752
FUND BALANCE - BEGINNING	5,098,883	5,098,883	5,098,883	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,287,752</u>	<u>\$ 4,287,752</u>

(Continued)

**CUMING 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)
<b>SINKING FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 282,167	\$ 282,167	\$ 282,168	\$ 1
Miscellaneous	-	-	8,600	8,600
<b>TOTAL RECEIPTS</b>	<u>282,167</u>	<u>282,167</u>	<u>290,768</u>	<u>8,601</u>
<b>DISBURSEMENTS</b>	<u>6,497,935</u>	<u>6,497,935</u>	<u>1,261,764</u>	<u>5,236,171</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(6,215,768)</u>	<u>(6,215,768)</u>	<u>(970,996)</u>	<u>5,244,772</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,364,123	1,364,123	1,551,840	187,717
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,364,123</u>	<u>1,364,123</u>	<u>1,551,840</u>	<u>187,717</u>
Net Change in Fund Balance	(4,851,645)	(4,851,645)	580,844	5,432,489
FUND BALANCE - BEGINNING	4,851,645	4,851,645	4,851,645	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,432,489</u>	<u>\$ 5,432,489</u>

(Concluded)

**CUMING 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)
<b>SPECIAL PROJECTS FUND</b>				
Receipts	\$ 1,000,000	\$ 1,000,000	\$ 400,891	\$ (599,109)
Disbursements	(1,000,000)	(1,000,000)	(381,961)	618,039
Transfers in	-	-	837	837
Transfers out	-	-	(19,767)	(19,767)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>WEGNER SCHOLARSHIP FUND</b>				
Receipts	\$ -	\$ -	\$ 316	\$ 316
Disbursements	(75,812)	(75,812)	(3,501)	72,311
Net Change in Fund Balance	(75,812)	(75,812)	(3,185)	72,627
Fund Balance - Beginning	75,812	75,812	75,812	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,627</u>	<u>\$ 72,627</u>
<b>LODGING TAX FUND</b>				
Receipts	\$ 26,639	\$ 26,639	\$ 61,801	\$ 35,162
Disbursements	(53,250)	(53,250)	(26,334)	26,916
Transfers in	-	-	-	-
Transfers out	-	-	(5,600)	(5,600)
Net Change in Fund Balance	(26,611)	(26,611)	29,867	56,478
Fund Balance - Beginning	26,611	26,611	26,611	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,478</u>	<u>\$ 56,478</u>
<b>REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 4,565	\$ 4,565	\$ 6,401	\$ 1,836
Disbursements	(8,100)	(8,100)	(4,518)	3,582
Net Change in Fund Balance	(3,535)	(3,535)	1,883	5,418
Fund Balance - Beginning	3,535	3,535	3,535	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,418</u>	<u>\$ 5,418</u>
<b>STOP FUND</b>				
Receipts	\$ 912	\$ 912	\$ 6,875	\$ 5,963
Disbursements	(15,000)	(15,000)	(11,489)	3,511
Net Change in Fund Balance	(14,088)	(14,088)	(4,614)	9,474
Fund Balance - Beginning	14,088	14,088	14,088	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,474</u>	<u>\$ 9,474</u>

(Continued)

**CUMING 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)
<b>COUNTY DRUG LAW ENFORCEMENT AND EDUCATION FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(161)	(161)	-	161
Net Change in Fund Balance	(161)	(161)	-	161
Fund Balance - Beginning	161	161	161	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161</u>	<u>\$ 161</u>
<b>FEDERAL GRANT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(317)	(317)	-	317
Net Change in Fund Balance	(317)	(317)	-	317
Fund Balance - Beginning	317	317	317	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ 317</u>
<b>NATURAL DISASTER FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	(473,500)	(322,497)	151,003
Transfers in	-	473,500	473,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	151,003	151,003
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,003</u>	<u>\$ 151,003</u>
<b>ECONOMIC DEVELOPMENT FUND</b>				
Receipts	\$ 65,800	\$ 65,800	\$ 19,688	\$ (46,112)
Disbursements	(159,080)	(159,080)	(123,279)	35,801
Transfers in	78,791	78,791	105,193	26,402
Transfers out	-	-	(837)	(837)
Net Change in Fund Balance	(14,489)	(14,489)	765	15,254
Fund Balance - Beginning	14,489	14,489	14,489	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,254</u>	<u>\$ 15,254</u>
<b>E911 FUND</b>				
Receipts	\$ 31,200	\$ 31,200	\$ 30,235	\$ (965)
Disbursements	(405,008)	(405,008)	(313,284)	91,724
Transfers in	348,166	348,166	519,042	170,876
Transfers out	-	-	(1,340)	(1,340)
Net Change in Fund Balance	(25,642)	(25,642)	234,653	260,295
Fund Balance - Beginning	125,642	125,642	125,642	-
Fund Balance - Ending	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 360,295</u>	<u>\$ 260,295</u>



**CUMING 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)
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 56,764	\$ 56,764	\$ 56,764	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(56,764)	(56,764)	(56,764)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>E911 EQUIPMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(19,588)	(19,588)	(10,920)	8,668
Transfers in	-	-	1,340	1,340
Transfers out	-	-	-	-
Net Change in Fund Balance	(19,588)	(19,588)	(9,580)	10,008
Fund Balance - Beginning	19,588	19,588	19,588	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,008</u>	<u>\$ 10,008</u>

(Concluded)

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

	Special Projects Fund	Wegner Scholarship Fund	Lodging Tax Fund	Register of Deeds Preservation and Modernization Fund
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ 61,201	\$ -
Investment Income	-	316	-	-
Intergovernmental	400,891	-	-	-
Charges for Services	-	-	-	6,401
Miscellaneous	-	-	600	-
<b>TOTAL RECEIPTS</b>	<u>400,891</u>	<u>316</u>	<u>61,801</u>	<u>6,401</u>
<b>DISBURSEMENTS</b>				
General Government	381,961	-	-	4,518
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Assistance	-	3,501	-	-
Culture and Recreation	-	-	26,334	-
<b>TOTAL DISBURSEMENTS</b>	<u>381,961</u>	<u>3,501</u>	<u>26,334</u>	<u>4,518</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>18,930</u>	<u>(3,185)</u>	<u>35,467</u>	<u>1,883</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	837	-	-	-
Transfers out	(19,767)	-	(5,600)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(18,930)</u>	<u>-</u>	<u>(5,600)</u>	<u>-</u>
Net Change in Fund Balances	-	(3,185)	29,867	1,883
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>75,812</u>	<u>26,611</u>	<u>3,535</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 72,627</u>	<u>\$ 56,478</u>	<u>\$ 5,418</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	56,478	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Preservation of Records	-	-	-	5,418
Music Scholarships	-	72,627	-	-
Extension Services	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Disaster Recovery and Relief	-	-	-	-
Economic Development	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 72,627</u>	<u>\$ 56,478</u>	<u>\$ 5,418</u>

(Continued)

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

	STOP Fund	County Drug Law Enforcement and Education Fund	Federal Grant Fund	Natural Disaster Fund	Economic Development Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	15,837
Charges for Services	6,875	-	-	-	-
Miscellaneous	-	-	-	-	3,851
<b>TOTAL RECEIPTS</b>	<u>6,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,688</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	123,279
Public Safety	11,489	-	-	-	-
Public Works	-	-	-	322,497	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>11,489</u>	<u>-</u>	<u>-</u>	<u>322,497</u>	<u>123,279</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(4,614)</u>	<u>-</u>	<u>-</u>	<u>(322,497)</u>	<u>(103,591)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	473,500	105,193
Transfers out	-	-	-	-	(837)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,500</u>	<u>104,356</u>
Net Change in Fund Balances	(4,614)	-	-	151,003	765
<b>FUND BALANCES - BEGINNING</b>	<u>14,088</u>	<u>161</u>	<u>317</u>	<u>-</u>	<u>14,489</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 9,474</u>	<u>\$ 161</u>	<u>\$ 317</u>	<u>\$ 151,003</u>	<u>\$ 15,254</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	161	-	-	-
Preservation of Records	-	-	-	-	-
Music Scholarships	-	-	-	-	-
Extension Services	-	-	317	-	-
Committed to:					
Law Enforcement	9,474	-	-	-	-
Disaster Recovery and Relief	-	-	-	151,003	-
Economic Development	-	-	-	-	15,254
<b>TOTAL FUND BALANCES</b>	<u>\$ 9,474</u>	<u>\$ 161</u>	<u>\$ 317</u>	<u>\$ 151,003</u>	<u>\$ 15,254</u>

(Continued)

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

	<u>E911 Fund</u>	<u>911 Wireless Service Fund</u>	<u>E911 Equipment Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>RECEIPTS</b>				
Property Taxes	\$ 28,935	\$ 56,764	\$ -	\$ 146,900
Investment Income	-	-	-	316
Intergovernmental	-	-	-	416,728
Charges for Services	1,300	-	-	14,576
Miscellaneous	-	-	-	4,451
<b>TOTAL RECEIPTS</b>	<u>30,235</u>	<u>56,764</u>	<u>-</u>	<u>582,971</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	509,758
Public Safety	313,284	-	10,920	335,693
Public Works	-	-	-	322,497
Public Assistance	-	-	-	3,501
Culture and Recreation	-	-	-	26,334
<b>TOTAL DISBURSEMENTS</b>	<u>313,284</u>	<u>-</u>	<u>10,920</u>	<u>1,197,783</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(283,049)</u>	<u>56,764</u>	<u>(10,920)</u>	<u>(614,812)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	519,042	-	1,340	1,099,912
Transfers out	(1,340)	(56,764)	-	(84,308)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>517,702</u>	<u>(56,764)</u>	<u>1,340</u>	<u>1,015,604</u>
Net Change in Fund Balances	234,653	-	(9,580)	400,792
<b>FUND BALANCES - BEGINNING</b>	<u>125,642</u>	<u>-</u>	<u>19,588</u>	<u>280,243</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 360,295</u>	<u>\$ -</u>	<u>\$ 10,008</u>	<u>\$ 681,035</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	56,478
911 Emergency Services	360,295	-	10,008	370,303
Drug Education	-	-	-	161
Preservation of Records	-	-	-	5,418
Music Scholarships	-	-	-	72,627
Extension Services	-	-	-	317
Committed to:				
Law Enforcement	-	-	-	9,474
Disaster Recovery and Relief	-	-	-	151,003
Economic Development	-	-	-	15,254
<b>TOTAL FUND BALANCES</b>	<u>\$ 360,295</u>	<u>\$ -</u>	<u>\$ 10,008</u>	<u>\$ 681,035</u>

(Concluded)

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

	<u>County Clerk</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Highway Superintendent</u>	<u>Veterans' Service Officer</u>
BALANCES JULY 1, 2018	\$ 18,112	\$ 42,894	\$ 1,120	\$ 85	\$ -	\$ 1,377
<b>RECEIPTS</b>						
Property Taxes	-	-	8,184	-	-	-
Licenses and Permits	1,275	-	725	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	76,412	14,175	15,409	6,500	-	-
Miscellaneous	100	-	1,408	-	993	131
State Fees	106,382	8,104	-	-	-	-
Other Liabilities	-	182,563	17,766	9,126	-	-
<b>TOTAL RECEIPTS</b>	<u>184,169</u>	<u>204,842</u>	<u>43,492</u>	<u>15,626</u>	<u>993</u>	<u>131</u>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	78,668	14,848	24,590	6,500	993	-
Payments to State Treasurer	109,233	7,952	-	-	-	-
Other Liabilities	51	152,138	18,328	9,211	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>187,952</u>	<u>174,938</u>	<u>42,918</u>	<u>15,711</u>	<u>993</u>	<u>-</u>
BALANCES JUNE 30, 2019	<u>\$ 14,329</u>	<u>\$ 72,798</u>	<u>\$ 1,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508</u>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ 6,661	\$ 963	\$ 1,194	\$ -	\$ -	\$ 8
Petty Cash	50	-	500	-	-	1,500
Due to State Treasurer	7,618	890	-	-	-	-
Due to Others	-	70,945	-	-	-	-
BALANCES JUNE 30, 2019	<u>\$ 14,329</u>	<u>\$ 72,798</u>	<u>\$ 1,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508</u>

(Continued)

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

	County Insurance	County Planning and Zoning	County Extension	County Economic Development	County Diversion	Total
BALANCES JULY 1, 2018	\$ 146,284	\$ -	\$ -	\$ -	\$ -	\$ 209,872
<b>RECEIPTS</b>						
Property Taxes	-	-	-	-	-	8,184
Licenses and Permits	-	4,150	-	-	-	6,150
Intergovernmental	289,196	-	-	-	-	289,196
Charges for Services	-	-	-	-	3,650	116,146
Miscellaneous	94,999	116	170	18,821	-	116,738
State Fees	-	-	-	-	-	114,486
Other Liabilities	-	-	-	-	-	209,455
<b>TOTAL RECEIPTS</b>	<u>384,195</u>	<u>4,266</u>	<u>170</u>	<u>18,821</u>	<u>3,650</u>	<u>860,355</u>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	-	4,266	170	18,821	3,650	152,506
Payments to State Treasurer	-	-	-	-	-	117,185
Other Liabilities	280,479	-	-	-	-	460,207
<b>TOTAL DISBURSEMENTS</b>	<u>280,479</u>	<u>4,266</u>	<u>170</u>	<u>18,821</u>	<u>3,650</u>	<u>729,898</u>
BALANCES JUNE 30, 2019	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,329</u>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,826
Petty Cash	250,000	-	-	-	-	252,050
Due to State Treasurer	-	-	-	-	-	8,508
Due to Others	-	-	-	-	-	70,945
BALANCES JUNE 30, 2019	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,329</u>

(Concluded)

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

Item	2014	2015	2016	2017	2018
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 24,435,804	\$ 25,429,060	\$ 26,539,800	\$ 26,112,769	\$ 26,356,570
Personal and Specials	1,531,995	1,571,544	1,394,905	1,277,748	1,163,484
Total	<u>25,967,799</u>	<u>27,000,604</u>	<u>27,934,705</u>	<u>27,390,517</u>	<u>27,520,054</u>
<b>Corrections</b>					
Additions	24,173	21,383	9,662	9,272	35,334
Deductions	(15,579)	(6,753)	(12,239)	(10,431)	(37,011)
Net Additions/ (Deductions)	<u>8,594</u>	<u>14,630</u>	<u>(2,577)</u>	<u>(1,159)</u>	<u>(1,677)</u>
Corrected Certified Tax	<u>25,976,393</u>	<u>27,015,234</u>	<u>27,932,128</u>	<u>27,389,358</u>	<u>27,518,377</u>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2015	17,009,616	-	-	-	-
June 30, 2016	8,961,566	9,354,859	-	-	-
June 30, 2017	4,756	11,650,135	18,314,367	-	-
June 30, 2018	(1,112)	6,007,590	9,609,998	18,044,321	-
June 30, 2019	445	411	1,450	9,342,044	17,907,559
Total Net Collections	<u>25,975,271</u>	<u>27,012,995</u>	<u>27,925,815</u>	<u>27,386,365</u>	<u>17,907,559</u>
Total Uncollected Tax	<u>\$ 1,122</u>	<u>\$ 2,239</u>	<u>\$ 6,313</u>	<u>\$ 2,993</u>	<u>\$ 9,610,818</u>
Percentage Uncollected Tax	<u>0.00%</u>	<u>0.01%</u>	<u>0.02%</u>	<u>0.01%</u>	<u>34.93%</u>

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



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## CUMING 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 Supervisors  
Cuming 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 Cuming County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Cuming County's basic financial statements, and have issued our report thereon dated April 1, 2020. 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 Cuming 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 Cuming 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 Cuming 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**

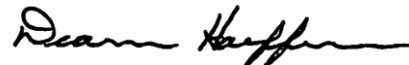
We also noted certain matters that we reported to the management of Cuming County in a separate letter dated April 1, 2020.

**Cuming County's Response to Findings**

Cuming 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

April 1, 2020



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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April 1, 2020

Board of Supervisors  
Cuming County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Cuming County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated April 1, 2020. 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 BOARD

### Inadequate Supporting Documentation

#### *Vendor Claim Payments*

We noted two vendor claims for grant applications paid to the County for which no additional supporting documentation was received to ensure the funds were spent in accordance with the purpose of the funding, as follows:

- Claim 19020177, paid February 26, 2019, totaling \$100,000, to the Providence Medical Center was paid in connection with a Dinklage Foundation application. Funds from the Dinklage Foundation are required to be spent for the benefit of charitable and educational functions of the County.
- Claim 19010145, paid January 28, 2019, totaling \$12,000, to the American Veterans Park was paid in connection with Visitors' Improvement funds. Funds for Visitors' Improvement are required to be spent for the improvement of visitor attractions and facilities.

#### *Payroll Payments*

During testing of five employees, we noted the following:

- For one employee, a complete I-9 Form was not on file. The employee did have an I-9; however, both of the required verifications on the form were not completed.
- For two employees, approval for payroll deductions for supplemental insurance, totaling \$62, for the month tested was not on file.

- For one employee, approval for a payroll deduction for identity theft protection, totaling \$88, for the month tested was not on file.

Good internal control and sound business practice require procedures to ensure the following: 1) documentation is on file to ensure all grant funds are appropriately spent by the subrecipient; 2) completed and accurate I-9 forms are on file for all eligible employees; and 3) documentation is on file to support all payroll deductions and amounts.

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

We recommend the County implement procedures to ensure complete and accurate I-9 forms are on file for all eligible employees, and adequate supporting documentation is on file for all grant funds and payroll deductions.

### **Flower Purchase**

During testing, we noted that claim 19030030, dated March 25, 2019, totaling \$100, was paid to Flower & Gift Gallery for the purchase of a floral arrangement for a funeral service.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2012, Cum. Supp. 2018), addresses various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions.

Section 13-2203 of the Act specifies the types of miscellaneous expenditures permitted by the governing bodies of local governments. Purchases for funerals, memorials, or other personal occasions are not found among that select statutory list of allowable expenditures. Because § 13-2203 does not expressly include the purchase for memorials among the permissible expenditures listed, such expenditures must be considered disallowed by law.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission issued a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline includes a number of specific scenarios involving the expenditure of public funds. Although issued more than two decades ago, the Guideline remains relevant.

Regarding the issue of memorial purchases, the Guideline provides the following:

*Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?*

*Response – No.*

Good internal control requires procedures to ensure compliance with the provisions of the Act.

Without such procedures, there is an increased risk of not only noncompliance with applicable statutory requirements, but also loss or misuse of County funds.

We recommend the Board implement procedures to ensure all purchases are allowable under State statute.

### **Payment in Excess of Bid**

The County Board entered into an agreement with Colfax County to share the costs associated with a Howells North and Road 6 overlay project. Colfax County did the bidding procedures for the entire project, and Cuming County was responsible for paying its portion of the costs.

The County Board approved claims to Constructors Inc. that exceeded the agreed-upon project amounts by \$182,743. Based on the agreement, the following was overpaid:

<b>Project</b>	<b>Amount Awarded</b>	<b>Amount Paid</b>	<b>Overpayment</b>
Howells North Overlay	\$ 227,562	\$ 264,114	\$ 36,552
Road 6 Overlay	672,185	818,376	146,191
<b>Totals</b>	<b>\$ 899,747</b>	<b>\$ 1,082,490</b>	<b>\$ 182,743</b>

The County Highway Department and the County Board both recalled discussion regarding increasing the awarded amount for this project; however, no documentation or Board meeting minutes could be provided to support this discussion.

Good internal control and sound business practice require procedures to ensure that all payments made on County contracts comply with the awarded bid amount, or any approved increase to that amount is properly documented.

Without such procedures, there is an increased risk for waste or other mismanagement of public funds.

We recommend the County implement procedures to ensure all payments on County contracts comply with the awarded bid amount, and any approved increase to that amount is properly documented.

## COUNTY ECONOMIC DEVELOPMENT

### Records Retention

During our audit, the County Economic Development office could not provide any records to support monies received or disbursed by the office. Based on County Treasurer records, the office collects money from other political subdivisions for economic development services and annual meetings and workshops.

Neb. Rev. Stat. § 84-1212.02 (Reissue 2014) says the following:

*All state agency heads and all local agency heads are hereby authorized to dispose of the records of their agencies in accordance with records retention and disposition schedules which are applicable to their agencies if such schedules have been approved by the administrator pursuant to section 84-1212.01. Each agency head shall report any such records disposition to the administrator on forms provided by the administrator.*

The Local Government Record Retention Schedule 24, General Records, filed with the Nebraska Secretary of State, requires designated financial documents (e.g., agreements, cash register records, daily balance records, receipts, and monthly financial statements) to be held for a minimum of five years.

When records are not maintained for the appropriate amount of time, there is increased risk of not only noncompliance with State statute but also a lack of important documentation.

We recommend the County Economic Development office implement procedures to ensure files are maintained in accordance with the provisions of Local Government Records Retention Schedule 24.

## COUNTY SHERIFF

### Balancing Procedures

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

- An accurate and complete monthly reconciliation of office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) to liabilities (fee and trust accounts) was not performed.
- A current listing of accounts receivable was maintained; however, the office was unable to support the accounts receivable balance as of June 30, 2019.
- No receipt or receipt log was kept to account for civil process fees paid in advance, resulting in the office not having a list of accounts payable due at June 30, 2019.

Sound accounting practices and good internal controls require procedures to ensure the following: 1) an office asset-to-liability reconciliation is performed, at least, monthly; 2) adequate support is maintained for listings of accounts receivable; and 3) a receipt log is kept to account for civil process fees paid in advance.

Without such procedures, there is an increased risk for theft, loss, or misuse of funds, as well as errors being allowed to go undetected more easily.

We recommend the County Sheriff implement procedures to ensure an office asset-to-liability reconciliation is performed, at least, monthly. Those same procedures should ensure also that adequate support is maintained for listings of accounts receivable, and a receipt log is kept to account for civil process fees paid in advance.

## COUNTY TREASURER

### Tax Commissions

During the audit, we noted that commissions retained on tax collections for the Howells-Dodge School District were not collected as required by State statute. This error resulted in \$5,658 being paid to the school district during the fiscal year, instead of being retained by the County.

Neb. Rev. Stat. § 33-114 (Reissue 2016) states the following:

*Each county treasurer shall receive for and on behalf of the county for services rendered to other governmental subdivisions and agencies, when fees for services rendered by him or her are not otherwise specifically provided, the following fees:*

\* \* \* \*

*(4) for the collection of all sums of money for municipal taxes, general or special, including money for bond sinking fund or bond interest fund and school money, one percent of the sums so collected[.]*

When commission rates are calculated incorrectly, the County does not retain all money owed to it, and there is an increased risk of loss or misuse of funds.

We recommend the County Treasurer implement procedures to ensure all commission rates agree to those set out in State statute.

### Fines Credited to the General Fund

Fines, totaling \$4,961, were collected by the District Court throughout the fiscal year; however, this balance was credited to the County General Fund, not to the School Fines and Licenses Fund. Because they were credited to the incorrect fund, the fines were not subsequently remitted to the County Schools, as required by State statute.

Article VII, § 5, of the Nebraska Constitution provides, in relevant part, the following:

*(1) Except as provided in subsections (2) and (3) of this section, all fines, penalties, and license money arising under the general laws of the state, except fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways of this state, shall belong and be paid over to the counties respectively where the same may be levied or imposed, and all fines, penalties, and license money arising under the rules, bylaws, or ordinances of cities, villages, precincts, or other municipal subdivision less than a county shall belong and be paid over to the same respectively. All such fines, penalties, and license money shall be appropriated exclusively to the use and support of the common schools in the respective subdivisions where the same may accrue, except that all fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways shall be placed as follows: Seventy-five per cent in a fund for state highways and twenty-five per cent to the county general fund where the fine or penalty is paid.*

(Emphasis added.) Likewise, Neb. Rev. Stat. § 29-2708 (Reissue 2016), states, as is relevant, “All money arising from fines and recognizance shall be credited by the county treasurer to the county school fund except as provided by Article VII, Section 5, Constitution of Nebraska . . . .”

A good internal control plan requires procedures to ensure that fines are credited to the School Fines and Licenses Fund, for subsequent remittance to the County Schools. Those same procedures should ensure also that corrections are made for any monies that were credited to the wrong fund.

Without such procedures, there is increased risk of not only fines being credited to the wrong fund but also noncompliance with both the Nebraska Constitution and State statute, increasing the risk for loss or misuse of funds.

We recommend the County Treasurer implement procedures to ensure that fines are properly credited to the School Fines and Licenses Fund.

## **COUNTY OVERALL**

### **Financial Variances and Expenditures in Excess of Budget**

The County Treasurer and County Clerk did not complete an accurate reconciliation between their separate office records. The following variances were noted:

- The County Treasurer’s records were misstated due to a disbursement error, which was attempted to be corrected in March 2019. When correcting the variance, the County Treasurer made an additional error, which caused variances in three funds:
  - General Fund disbursements were understated by \$50.
  - Road Fund disbursements were overstated by \$25.
  - Sinking Fund disbursements were overstated by \$25.
- The County Clerk’s records were misstated due to the following:
  - General Fund disbursements were overstated by \$188 due to a voided check that was never adjusted and a claim issued to balance records that was never requested from the County Treasurer.
  - Road Fund disbursements were understated by \$822 due to an overpayment in payroll that was never adjusted into the records.
- The County Clerk did not record transfers through the budget records. Transfers, totaling \$3,308,244, were not recorded. This error caused the Miscellaneous function of the General Fund to exceed the budget by \$374,902.

Neb. Rev. Stat. § 23-916 (Reissue 2012) states, in relevant part, the following:

*After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year.*

Good internal controls and sound business practices require procedures to ensure that all financial activity of the County is properly reflected in the County Treasurer's and County Clerk's records. Such procedures should include a timely and periodic reconciliation of disbursements between those records.

Without such procedures, there is an increased risk of both noncompliance with State statute and loss, theft, or misuse of funds.

We recommend the County Clerk and County Treasurer implement procedures to ensure all financial activity of the County is properly reflected in the records of those offices. We further recommend the County Board implement procedures to monitor closely its budget status on an ongoing basis to avoid individual functions and funds incurring expenses in excess of the amount budgeted.

### **Lodging Tax Funds**

Since 2015, the County has been charging lodging taxes totaling 4% of local hotel revenues. During fiscal year 2019, the County received \$61,200 in such taxes. However, due to the absence of a County Visitors Improvement Fund, all of those lodging tax receipts have been deposited to the County Visitors Promotion Fund, instead of the required 50% being deposited to the Improvement Fund.

Neb. Rev. Stat. § 81-3717(1) (Reissue 2014) provides for the creation of a County Visitors Promotion Fund and a County Visitors Improvement Fund, as follows:

*The governing body of the county shall after a public hearing adopt a resolution establishing a County Visitors Promotion Fund and a visitors committee which shall serve as an advisory committee to the governing body in administering the proceeds from the taxes provided to the county by the Nebraska Visitors Development Act. The governing body of a county may also after a public hearing adopt a resolution establishing a County Visitors Improvement Fund. The proceeds of the County Visitors Promotion Fund shall be used generally to promote, encourage, and attract visitors to come to the county and use the travel and tourism facilities within the county. The proceeds of the County Visitors Improvement Fund shall be used to improve the visitor attractions and facilities in the county . . . .*

(Emphasis added.) Per Neb. Rev. Stat. § 81-3716 (Reissue 2014), a County is authorized to collect lodging taxes totaling 4% only after creating both a County Visitors Promotion Fund and a County Visitors Improvement Fund, as follows:

*(1) The governing body of any county may after a public hearing adopt a resolution to impose an additional sales tax of not to exceed two percent upon the total consideration charged for occupancy of any space furnished by any hotel if such county has created a County Visitors Promotion Fund and a visitors committee pursuant to section 81-3717. The proceeds from such tax shall be paid to the County Visitors Promotion Fund.*

*(2) The governing body of any county may after a public hearing adopt a resolution to impose an additional sales tax of not to exceed two percent upon the total consideration charged for occupancy of any space furnished by any hotel if such county has created a County Visitors Improvement Fund and a visitors committee pursuant to section 81-3717. The proceeds from such tax shall be paid to the County Visitors Improvement Fund.*

(Emphasis added.) Lodging taxes totaling 4% are supposed to be divided equally (2% each) between a County Visitors Promotion Fund and a County Visitors Improvement Fund. When only one of those funds exist, the County may "impose an additional sales tax of not to exceed two percent" under § 81-3716(1) or (2).

Good internal control requires procedures to ensure that County lodging taxes do not exceed the statutorily authorized amount.

Without such procedures, there is an increased risk of noncompliance with State statute.

We recommend the County Clerk and County Treasurer work with the County Board to create a separate Visitors Improvement Fund and implement procedures to ensure the lodging tax receipts are divided equally between that fund and the County Visitors Promotion Fund. Additionally, any prior receipts collected for the improvement tax that remain in the Promotion Fund should be transferred to the Improvement Fund.

### **Insufficient Pledged Collateral**

During our audit, we noted that the County Treasurer and County Clerk did not maintain securities to cover fully deposits held at two financial institutions, as follows:

- For accounts maintained at Charter West Bank by the County Treasurer, deposits were uncollateralized for 365 days during the fiscal year, with an uncollateralized amount of \$763.
- For accounts maintained at F & M Bank by the County Clerk, deposits were uncollateralized for 37 days during the fiscal year, with uncollateralized amounts ranging from \$8,340 to \$315,907.

Neb. Rev. Stat. § 77-2395(1) (Reissue 2018) states, in relevant part, the following:

*[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation [FDIC], unless and until the depository has provided a deposit guaranty bond or furnished securities, or any combination thereof, to the custodial official, and the total value of such deposit guaranty bond and the market value of such securities are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.*

Furthermore, sound accounting practices and a good internal control plan require procedures to ensure that public funds deposited in banks are protected fully by FDIC coverage or otherwise adequately collateralized, and such security is properly documented.

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

We recommend the County Treasurer and County Clerk implement procedures for closely monitoring all County bank accounts to ensure they are properly secured, by either sufficient FDIC coverage or adequate collateral.

### **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 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.



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.


\* \* \* \* \*

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. The County declined to respond.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Deann Haeffner", with a long horizontal flourish extending to the right.

Deann Haeffner, CPA  
Assistant Deputy Auditor