

**AUDIT REPORT
OF
HARLAN COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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Issued on January 6, 2020

HARLAN COUNTY

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HARLAN COUNTY
706 W 2nd St.
Alma, NE 68920

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Jeff Bash	Jan. 2023
	Max Schultz	Jan. 2021
	Christian Schluntz	Jan. 2023
	Bill Hogeland	Jan. 2023
	Lonny Hanna	Jan. 2023
	Traci Dietz	Jan. 2021
	Cindy Boehler	Jan. 2021
Assessor	Kim Fouts	Jan. 2023
Attorney	Bryan McQuay	Jan. 2023
Clerk	Janet Dietz	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court		
Sheriff	Chris Becker	Jan. 2023
Emergency Manager		
Treasurer	Sandy Artz	Jan. 2023
Veterans' Service Officer	Michael Richman	Appointed
Weed Superintendent	Tim Burgeson	Appointed
Highway Superintendent		
Planning and Zoning	Ron Melbye	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

HARLAN COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Harlan 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 Harlan 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 Harlan 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 Harlan 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 19-35, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of Harlan 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 Harlan County's internal control over financial reporting and compliance.

December 17, 2019



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

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

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,102,403
TOTAL ASSETS	<u><u>\$ 2,102,403</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 19,280
911 Emergency Services	8,075
Drug Education	1,430
Preservation of Records	4,944
Debt Service	90,531
Road and Bridge Maintenance	178,997
Unrestricted	1,799,146
TOTAL NET POSITION	<u><u>\$ 2,102,403</u></u>

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

HARLAN 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	\$ (1,471,676)	\$ 208,016	\$ 15,905	\$ (1,247,755)
Public Safety	(731,160)	85,287	8,095	(637,778)
Public Works	(1,458,177)	2,051	1,066,623	(389,503)
Public Assistance	(39,080)	-	-	(39,080)
Culture and Recreation	(30,033)	-	-	(30,033)
Debt Payments	(407,247)	-	-	(407,247)
Total Governmental Activities	\$ (4,137,373)	\$ 295,354	\$ 1,090,623	(2,751,396)
General Receipts:				
Property Taxes				2,228,442
Grants and Contributions Not Restricted to Specific Programs				235,349
Investment Income				14,678
Licenses and Permits				15,177
Miscellaneous				126,232
Total General Receipts				2,619,878
Increase in Net Position				(131,518)
Net Position - Beginning of year				2,233,921
Net Position - End of year				\$ 2,102,403

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

HARLAN COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 445,293	\$ 157,532	\$ 1,053,550	\$ 446,028	\$ 2,102,403
TOTAL ASSETS	\$ 445,293	\$ 157,532	\$ 1,053,550	\$ 446,028	\$ 2,102,403
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	19,280	19,280
911 Emergency Services	-	-	-	8,075	8,075
Drug Education	-	-	-	1,430	1,430
Preservation of Records	-	-	-	4,944	4,944
Debt Service	-	-	-	90,531	90,531
Road and Bridge Maintenance	-	-	-	178,997	178,997
Committed to:					
Law Enforcement	-	-	-	20,832	20,832
Road Maintenance	-	157,532	-	16,299	173,831
Aid and Assistance	-	-	-	28,291	28,291
County Buildings	-	-	-	37,014	37,014
Equipment Purchases	-	-	-	22,367	22,367
Property Reappraisal	-	-	-	191	191
Community Projects	-	-	-	17,185	17,185
Noxious Weeds	-	-	-	516	516
Historical Society	-	-	-	76	76
Assigned to:					
Other Purposes	-	-	1,053,550	-	1,053,550
Unassigned	445,293	-	-	-	445,293
TOTAL CASH BASIS FUND BALANCES	\$ 445,293	\$ 157,532	\$ 1,053,550	\$ 446,028	\$ 2,102,403

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

HARLAN 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	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 1,744,267	\$ -	\$ 188,629	\$ 295,546	\$ 2,228,442
Licenses and Permits	14,947	230	-	-	15,177
Investment Income	13,446	-	-	1,232	14,678
Intergovernmental	223,905	953,525	-	148,542	1,325,972
Charges for Services	267,194	2,051	-	26,109	295,354
Miscellaneous	42,262	33,884	-	50,086	126,232
TOTAL RECEIPTS	<u>2,306,021</u>	<u>989,690</u>	<u>188,629</u>	<u>521,515</u>	<u>4,005,855</u>
DISBURSEMENTS					
General Government	1,264,260	-	1,579	205,837	1,471,676
Public Safety	695,085	-	-	36,075	731,160
Public Works	15,673	1,411,847	-	30,657	1,458,177
Public Assistance	8,821	-	-	30,259	39,080
Culture and Recreation	-	-	-	30,033	30,033
Debt Service:					
Principal Payments	-	-	-	365,000	365,000
Interest and Fiscal Charges	-	-	-	42,247	42,247
TOTAL DISBURSEMENTS	<u>1,983,839</u>	<u>1,411,847</u>	<u>1,579</u>	<u>740,108</u>	<u>4,137,373</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>322,182</u>	<u>(422,157)</u>	<u>187,050</u>	<u>(218,593)</u>	<u>(131,518)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	432,809	511,805	150,000	135,704	1,230,318
Transfers out	(497,509)	-	(650,000)	(82,809)	(1,230,318)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(64,700)</u>	<u>511,805</u>	<u>(500,000)</u>	<u>52,895</u>	<u>-</u>
Net Change in Fund Balances	257,482	89,648	(312,950)	(165,698)	(131,518)
CASH BASIS FUND BALANCES - BEGINNING					
	<u>187,811</u>	<u>67,884</u>	<u>1,366,500</u>	<u>611,726</u>	<u>2,233,921</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 445,293</u>	<u>\$ 157,532</u>	<u>\$ 1,053,550</u>	<u>\$ 446,028</u>	<u>\$ 2,102,403</u>

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 316,479
 LIABILITIES	
Due to other governments	
State	68,813
Schools	119,587
Educational Service Units	1,467
Technical College	9,389
Natural Resource Districts	6,405
Fire Districts	1,626
Municipalities	18,780
Agricultural Society	634
Townships	6,382
Others	83,396
TOTAL LIABILITIES	316,479
 TOTAL NET ASSETS	 \$ -

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

HARLAN 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 Harlan County.

A. Reporting Entity

Harlan 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 Harlan County Health Systems (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 III – 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 III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

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 \$8,786 toward

HARLAN 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 Two Rivers 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).

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 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.

HARLAN 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.

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, general long-term debt, principal, interest, and related costs.

HARLAN 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.

HARLAN 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 \$303,257 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.

HARLAN 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 \$2,102,403 for County funds and \$316,479 for Fiduciary funds. The bank balances for all funds totaled \$2,427,300. 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 \$.204265/\$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 \$.183243/\$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.

HARLAN 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, 50 employees contributed \$62,805, and the County contributed \$93,197. Contributions included \$2,024 in cash contributions towards the supplemental law enforcement plan for four law enforcement employees. Lastly, the County paid \$558 directly to three retired employees for prior service benefits.

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County 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.

HARLAN 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:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 211,805	\$ 300,000	\$ -	\$ 511,805
Inheritance Fund	150,000	-	-	150,000
General Fund	-	350,000	82,809	432,809
Nonmajor Funds	135,704	-	-	135,704
Total	<u>\$ 497,509</u>	<u>\$ 650,000</u>	<u>\$ 82,809</u>	<u>\$ 1,230,318</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.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. Long-Term Debt

The County issued bonds in August 2016 in the amount of \$3,690,000 for the purpose of paying off the remaining balance on the 2011 series bonds. The bond payable balance, as of June 30, 2019, was \$2,670,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 370,000	\$ 38,097	\$ 408,097
2021	375,000	34,028	409,028
2022	370,000	29,527	399,527
2023	380,000	24,718	404,718
2024	390,000	19,397	409,397
2025-2026	785,000	20,353	805,353
Total Payments	<u>\$ 2,670,000</u>	<u>\$ 166,120</u>	<u>\$ 2,836,120</u>

HARLAN 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	\$ 1,896,024	\$ 1,896,024	\$ 1,744,267	\$ (151,757)
Licenses and Permits	14,650	14,650	14,947	297
Interest	6,200	6,200	13,446	7,246
Intergovernmental	53,350	53,350	223,905	170,555
Charges for Services	262,200	262,200	267,194	4,994
Miscellaneous	5,479	5,479	42,262	36,783
TOTAL RECEIPTS	<u>2,237,903</u>	<u>2,237,903</u>	<u>2,306,021</u>	<u>68,118</u>
DISBURSEMENTS				
General Government:				
County Board	126,340	126,340	111,670	14,670
County Clerk	134,034	134,034	130,455	3,579
County Treasurer	149,480	149,480	137,836	11,644
County Assessor	133,324	133,324	129,261	4,063
Election Commissioner	27,490	27,490	20,763	6,727
Building and Zoning	10,048	10,048	8,699	1,349
Clerk of the District Court	8,977	8,977	3,300	5,677
County Court System	17,760	17,760	10,804	6,956
Building and Grounds	104,846	104,846	67,306	37,540
Agricultural Extension Agent	91,037	91,037	80,021	11,016
Special Elections	1,850	1,850	-	1,850
Miscellaneous	640,999	640,999	564,145	76,854
Public Safety				
County Sheriff	340,777	340,777	295,221	45,556
County Attorney	143,371	143,371	135,332	8,039
Law Enforcement Programs	50,000	50,000	-	50,000
Child Support Enforcement	20,882	20,882	19,521	1,361
County Jail	187,694	187,694	176,014	11,680
Emergency Management	94,861	94,861	68,997	25,864
Homeland Security	50,000	50,000	-	50,000
Public Works				
County Surveyor	30,000	30,000	15,673	14,327
Public Assistance				
Veterans' Service Officer	11,248	11,248	8,821	2,427
TOTAL DISBURSEMENTS	<u>2,375,018</u>	<u>2,375,018</u>	<u>1,983,839</u>	<u>391,179</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>(137,115)</u>	<u>(137,115)</u>	<u>322,182</u>	<u>459,297</u>

(Continued)

HARLAN 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)
OTHER FINANCING SOURCES (USES)				
Transfers in	859,809	859,809	432,809	(427,000)
Transfers out	(878,505)	(878,505)	(497,509)	380,996
TOTAL OTHER FINANCING SOURCES (USES)	<u>(18,696)</u>	<u>(18,696)</u>	<u>(64,700)</u>	<u>(46,004)</u>
Net Change in Fund Balance	(155,811)	(155,811)	257,482	413,293
FUND BALANCE - BEGINNING	<u>187,811</u>	<u>187,811</u>	<u>187,811</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 32,000</u></u>	<u><u>\$ 32,000</u></u>	<u><u>\$ 445,293</u></u>	<u><u>\$ 413,293</u></u>

(Concluded)

HARLAN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ 1,650	\$ 1,650	\$ 230	\$ (1,420)
Intergovernmental	916,459	916,459	953,525	37,066
Charges for Services	-	-	2,051	2,051
Miscellaneous	4,200	4,200	33,884	29,684
TOTAL RECEIPTS	922,309	922,309	989,690	67,381
DISBURSEMENTS	1,786,830	1,786,830	1,411,847	374,983
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(864,521)	(864,521)	(422,157)	442,364
OTHER FINANCING SOURCES (USES)				
Transfers in	846,637	846,637	511,805	(334,832)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	846,637	846,637	511,805	(334,832)
Net Change in Fund Balance	(17,884)	(17,884)	89,648	107,532
FUND BALANCE - BEGINNING	67,884	67,884	67,884	-
FUND BALANCE - ENDING	\$ 50,000	\$ 50,000	\$ 157,532	\$ 107,532
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 150,451	\$ 150,451	\$ 188,629	\$ 38,178
TOTAL RECEIPTS	150,451	150,451	188,629	38,178
DISBURSEMENTS	452,451	452,451	1,579	450,872
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(302,000)	(302,000)	187,050	489,050
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	150,000	150,000
Transfers out	(997,000)	(997,000)	(650,000)	347,000
TOTAL OTHER FINANCING SOURCES (USES)	(997,000)	(997,000)	(500,000)	497,000
Net Change in Fund Balance	(1,299,000)	(1,299,000)	(312,950)	986,050
FUND BALANCE - BEGINNING	1,366,500	1,366,500	1,366,500	-
FUND BALANCE - ENDING	\$ 67,500	\$ 67,500	\$ 1,053,550	\$ 986,050

HARLAN 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 STREET BUYBACK PROGRAM				
FUND				
Receipts	\$ 80,091	\$ 80,091	\$ 80,091	\$ -
Disbursements	(82,875)	(82,875)	(7,175)	75,700
Net Change in Fund Balance	(2,784)	(2,784)	72,916	75,700
Fund Balance - Beginning	2,784	2,784	2,784	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,700</u>	<u>\$ 75,700</u>
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 33,007	\$ 33,007	\$ 33,007	\$ -
Disbursements	(125,073)	(125,073)	(21,776)	103,297
Net Change in Fund Balance	(92,066)	(92,066)	11,231	103,297
Fund Balance - Beginning	92,066	92,066	92,066	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,297</u>	<u>\$ 103,297</u>
ROAD BRIDGE CONSTRUCTION				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(66,290)	(66,290)	-	66,290
Transfers in	49,990	49,990	-	(49,990)
Transfers out	-	-	-	-
Net Change in Fund Balance	(16,299)	(16,299)	-	16,299
Fund Balance - Beginning	16,299	16,299	16,299	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,299</u>	<u>\$ 16,299</u>
SHERIFF EQUIPMENT SINKING FUND				
Receipts	\$ 4	\$ 4	\$ -	\$ (4)
Disbursements	(22,160)	(22,160)	-	22,160
Transfers in	17,500	17,500	17,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(4,656)	(4,656)	17,500	22,156
Fund Balance - Beginning	4,656	4,656	4,656	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,156</u>	<u>\$ 22,156</u>

(Continued)

HARLAN 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)
HUNTLEY BUILDING SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(19,000)	(19,000)	-	19,000
Transfers in	5,000	5,000	-	(5,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(14,000)	(14,000)	-	14,000
Fund Balance - Beginning	14,000	14,000	14,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>

COURTHOUSE EQUIPMENT SINKING FUND				
Receipts	\$ 1	\$ 1	\$ 16	\$ 15
Disbursements	(16,000)	(16,000)	(3,775)	12,225
Transfers in	14,623	14,623	2,383	(12,240)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,376)	(1,376)	(1,376)	-
Fund Balance - Beginning	1,376	1,376	1,376	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COURTHOUSE IMPROVEMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ 4,750	\$ 4,750
Disbursements	(200,000)	(200,000)	(98,831)	101,169
Transfers in	82,905	82,905	-	(82,905)
Transfers out	-	-	-	-
Net Change in Fund Balance	(117,095)	(117,095)	(94,081)	23,014
Fund Balance - Beginning	117,095	117,095	117,095	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,014</u>	<u>\$ 23,014</u>

ROAD EQUIPMENT SINKING FUND				
Receipts	\$ 1	\$ 1	\$ 6	\$ 5
Disbursements	(10,000)	(10,000)	-	10,000
Transfers in	9,794	9,794	-	(9,794)
Transfers out	-	-	-	-
Net Change in Fund Balance	(205)	(205)	6	211
Fund Balance - Beginning	205	205	205	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 211</u>

(Continued)

HARLAN 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)
TOURISM FUND				
Receipts	\$ 14,000	\$ 14,000	\$ 19,601	\$ 5,601
Disbursements	(20,876)	(20,876)	(17,033)	3,843
Net Change in Fund Balance	(6,876)	(6,876)	2,568	9,444
Fund Balance - Beginning	16,712	16,712	16,712	-
Fund Balance - Ending	<u>\$ 9,836</u>	<u>\$ 9,836</u>	<u>\$ 19,280</u>	<u>\$ 9,444</u>
REAPPRAISAL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(65,000)	(65,000)	(62,275)	2,725
Transfers in	63,909	63,909	61,375	(2,534)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,091)	(1,091)	(900)	191
Fund Balance - Beginning	1,091	1,091	1,091	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 191</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,450	\$ 3,450	\$ 3,299	\$ (151)
Disbursements	(7,000)	(7,000)	(3,585)	3,415
Net Change in Fund Balance	(3,550)	(3,550)	(286)	3,264
Fund Balance - Beginning	5,230	5,230	5,230	-
Fund Balance - Ending	<u>\$ 1,680</u>	<u>\$ 1,680</u>	<u>\$ 4,944</u>	<u>\$ 3,264</u>
EMERGENCY RELIEF FUND				
Receipts	\$ -	\$ -	\$ 6	\$ 6
Disbursements	(10,400)	(10,400)	(1,550)	8,850
Net Change in Fund Balance	(10,400)	(10,400)	(1,544)	8,856
Fund Balance - Beginning	13,962	13,962	13,962	-
Fund Balance - Ending	<u>\$ 3,562</u>	<u>\$ 3,562</u>	<u>\$ 12,418</u>	<u>\$ 8,856</u>
INSTITUTIONS FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(4,801)	(4,801)	-	4,801
Net Change in Fund Balance	(4,800)	(4,800)	-	4,800
Fund Balance - Beginning	7,068	7,068	7,068	-
Fund Balance - Ending	<u>\$ 2,268</u>	<u>\$ 2,268</u>	<u>\$ 7,068</u>	<u>\$ 4,800</u>

(Continued)

HARLAN 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)
VETERAN'S AID FUND				
Receipts	\$ 21	\$ 21	\$ 30	\$ 9
Disbursements	(6,000)	(6,000)	-	6,000
Transfers in	-	-	5	5
Transfers out	-	-	-	-
Net Change in Fund Balance	(5,979)	(5,979)	35	6,014
Fund Balance - Beginning	8,737	8,737	8,737	-
Fund Balance - Ending	<u>\$ 2,758</u>	<u>\$ 2,758</u>	<u>\$ 8,772</u>	<u>\$ 6,014</u>
SERVICES FOR AGING FUND				
Receipts	\$ -	\$ -	\$ 33	\$ 33
Disbursements	(18,844)	(18,844)	(2,459)	16,385
Transfers in	18,707	18,707	2,322	(16,385)
Transfers out	-	-	-	-
Net Change in Fund Balance	(137)	(137)	(104)	33
Fund Balance - Beginning	137	137	137	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 33</u>
COUNTY ATTORNEY DIVERSION FUND				
Receipts	\$ -	\$ -	\$ 350	\$ 350
Disbursements	(3,600)	(3,600)	-	3,600
Net Change in Fund Balance	(3,600)	(3,600)	350	3,950
Fund Balance - Beginning	5,299	5,299	5,299	-
Fund Balance - Ending	<u>\$ 1,699</u>	<u>\$ 1,699</u>	<u>\$ 5,649</u>	<u>\$ 3,950</u>
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(960)	(960)	-	960
Net Change in Fund Balance	(959)	(959)	-	959
Fund Balance - Beginning	1,430	1,430	1,430	-
Fund Balance - Ending	<u>\$ 471</u>	<u>\$ 471</u>	<u>\$ 1,430</u>	<u>\$ 959</u>

(Continued)

HARLAN 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)
SHERIFF GRANT FUND				
Receipts	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Disbursements	(10,000)	(10,000)	(1,564)	8,436
Transfers in	-	-	1,530	1,530
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	(34)	(34)
Fund Balance - Beginning	41	41	41	-
Fund Balance - Ending	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 7</u>	<u>\$ (34)</u>
LOTTERY FUND				
Receipts	\$ 21,131	\$ 21,131	\$ 21,828	\$ 697
Disbursements	(31,000)	(31,000)	(47,371)	(16,371)
Transfers in	-	-	36	36
Transfers out	(18,707)	(18,707)	-	18,707
Net Change in Fund Balance	(28,576)	(28,576)	(25,507)	3,069
Fund Balance - Beginning	42,692	42,692	42,692	-
Fund Balance - Ending	<u>\$ 14,116</u>	<u>\$ 14,116</u>	<u>\$ 17,185</u>	<u>\$ 3,069</u>
MEDICAL REIMBURSEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(35,000)	(35,000)	(27,800)	7,200
Transfers in	35,000	35,000	27,800	(7,200)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LAW ENFORCEMENT OPERATING FUND				
Receipts	\$ -	\$ -	\$ 6,685	\$ 6,685
Disbursements	(14,100)	(14,100)	(7,096)	7,004
Transfers in	5,280	5,280	-	(5,280)
Transfers out	-	-	-	-
Net Change in Fund Balance	(8,820)	(8,820)	(411)	8,409
Fund Balance - Beginning	8,820	8,820	8,820	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,409</u>	<u>\$ 8,409</u>

(Continued)

HARLAN 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)
PREDATOR CONTROL FUND				
Receipts	\$ 1	\$ 1	\$ 11	\$ 10
Disbursements	(8,418)	(8,418)	(5,655)	2,763
Transfers in	8,334	8,334	8,418	84
Transfers out	-	-	-	-
Net Change in Fund Balance	(83)	(83)	2,774	2,857
Fund Balance - Beginning	83	83	83	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,857</u>	<u>\$ 2,857</u>
NOXIOUS WEED FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(27,475)	(27,475)	(1,706)	25,769
Transfers in	25,253	25,253	-	(25,253)
Transfers out	-	-	-	-
Net Change in Fund Balance	(2,222)	(2,222)	(1,706)	516
Fund Balance - Beginning	2,222	2,222	2,222	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516</u>	<u>\$ 516</u>
HISTORICAL SOCIETY FUND				
Receipts	\$ -	\$ -	\$ 10	\$ 10
Disbursements	(10,000)	(10,000)	(10,000)	-
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	10	10
Fund Balance - Beginning	66	66	66	-
Fund Balance - Ending	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 76</u>	<u>\$ 10</u>
911 EMERGENCY SERVICES FUND				
Receipts	\$ 10,795	\$ 10,795	\$ 9,960	\$ (835)
Disbursements	(18,000)	(18,000)	(12,120)	5,880
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(7,205)	(7,205)	(2,160)	5,045
Fund Balance - Beginning	10,235	10,235	10,235	-
Fund Balance - Ending	<u>\$ 3,030</u>	<u>\$ 3,030</u>	<u>\$ 8,075</u>	<u>\$ 5,045</u>

(Continued)

HARLAN 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)
PAYMENT IN LIEU OF TAXES FUND				
Receipts	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(162,809)	(162,809)	(82,809)	80,000
Net Change in Fund Balance	(82,809)	(82,809)	(82,809)	-
Fund Balance - Beginning	82,809	82,809	82,809	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
STOP PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 720	\$ 720
Disbursements	(4,280)	(4,280)	(1,090)	3,190
Transfers in	4,280	4,280	4,280	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	3,910	3,910
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,910	\$ 3,910
HOSPITAL BOND FUND				
Receipts	\$ 339,900	\$ 339,900	\$ 341,112	\$ 1,212
Disbursements	(407,248)	(407,248)	(407,247)	1
Transfers in	-	-	55	55
Transfers out	-	-	-	-
Net Change in Fund Balance	(67,348)	(67,348)	(66,080)	1,268
Fund Balance - Beginning	156,611	156,611	156,611	-
Fund Balance - Ending	\$ 89,263	\$ 89,263	\$ 90,531	\$ 1,268
GRANTS SPECIAL PROJECTS FUND				
Receipts	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Disbursements	(1,000,000)	(1,000,000)	-	1,000,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

(Concluded)

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

	Highway Street Buyback Program Fund	Highway Bridge Buyback Program Fund	Road Bridge Construction	Sheriff Equipment Sinking Fund	Huntley Building Sinking Fund	Courthouse Equipment Sinking Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7
Investment Income	-	-	-	-	-	-
Intergovernmental	80,091	33,007	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	9
TOTAL RECEIPTS	<u>80,091</u>	<u>33,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	3,775
Public Safety	-	-	-	-	-	-
Public Works	7,175	21,776	-	-	-	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>7,175</u>	<u>21,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,775</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>72,916</u>	<u>11,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,759)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	17,500	-	2,383
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>2,383</u>
Net Change in Fund Balances	72,916	11,231	-	17,500	-	(1,376)
FUND BALANCES - BEGINNING	<u>2,784</u>	<u>92,066</u>	<u>16,299</u>	<u>4,656</u>	<u>14,000</u>	<u>1,376</u>
FUND BALANCES - ENDING	<u>\$ 75,700</u>	<u>\$ 103,297</u>	<u>\$ 16,299</u>	<u>\$ 22,156</u>	<u>\$ 14,000</u>	<u>\$ -</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road and Bridge Maintenance	75,700	103,297	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road Maintenance	-	-	16,299	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Buildings	-	-	-	-	14,000	-
Equipment Purchases	-	-	-	22,156	-	-
Property Reappraisal	-	-	-	-	-	-
Community Projects	-	-	-	-	-	-
Noxious Weeds	-	-	-	-	-	-
Historical Society	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 75,700</u>	<u>\$ 103,297</u>	<u>\$ 16,299</u>	<u>\$ 22,156</u>	<u>\$ 14,000</u>	<u>\$ -</u>

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

For the Year Ended June 30, 2019

	Courthouse Improvement Sinking Fund	Road Equipment Sinking Fund	Tourism Fund	Reappraisal Fund	Preservation and Modernization Fund
RECEIPTS					
Property Taxes	\$ -	\$ 6	\$ 19,601	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	3,299
Miscellaneous	4,750	-	-	-	-
TOTAL RECEIPTS	4,750	6	19,601	-	3,299
DISBURSEMENTS					
General Government	98,831	-	-	62,275	3,585
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	17,033	-	-
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	98,831	-	17,033	62,275	3,585
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(94,081)	6	2,568	(62,275)	(286)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	61,375	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	61,375	-
Net Change in Fund Balances	(94,081)	6	2,568	(900)	(286)
FUND BALANCES - BEGINNING	117,095	205	16,712	1,091	5,230
FUND BALANCES - ENDING	\$ 23,014	\$ 211	\$ 19,280	\$ 191	\$ 4,944
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	19,280	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	-	-	4,944
Debt Service	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings	23,014	-	-	-	-
Equipment Purchases	-	211	-	-	-
Property Reappraisal	-	-	-	191	-
Community Projects	-	-	-	-	-
Noxious Weeds	-	-	-	-	-
Historical Society	-	-	-	-	-
TOTAL FUND BALANCES	\$ 23,014	\$ 211	\$ 19,280	\$ 191	\$ 4,944

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

	<u>Emergency Relief Fund</u>	<u>Institutions Fund</u>	<u>Veteran's Aid Fund</u>	<u>Services for Aging Fund</u>	<u>County Attorney Diversion Fund</u>	<u>Drug Law Enforcement and Education Fund</u>
RECEIPTS						
Property Taxes	\$ 2	\$ -	\$ -	\$ 14	\$ -	\$ -
Investment Income	-	-	30	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	350	-
Miscellaneous	4	-	-	19	-	-
TOTAL RECEIPTS	<u>6</u>	<u>-</u>	<u>30</u>	<u>33</u>	<u>350</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	1,550	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	2,459	-	-
Culture and Recreation	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>1,550</u>	<u>-</u>	<u>-</u>	<u>2,459</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,544)</u>	<u>-</u>	<u>30</u>	<u>(2,426)</u>	<u>350</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	5	2,322	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>5</u>	<u>2,322</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,544)	-	35	(104)	350	-
FUND BALANCES - BEGINNING	<u>13,962</u>	<u>7,068</u>	<u>8,737</u>	<u>137</u>	<u>5,299</u>	<u>1,430</u>
FUND BALANCES - ENDING	<u>\$ 12,418</u>	<u>\$ 7,068</u>	<u>\$ 8,772</u>	<u>\$ 33</u>	<u>\$ 5,649</u>	<u>\$ 1,430</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	1,430
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	5,649	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	12,418	7,068	8,772	33	-	-
County Buildings	-	-	-	-	-	-
Equipment Purchases	-	-	-	-	-	-
Property Reappraisal	-	-	-	-	-	-
Community Projects	-	-	-	-	-	-
Noxious Weeds	-	-	-	-	-	-
Historical Society	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 12,418</u>	<u>\$ 7,068</u>	<u>\$ 8,772</u>	<u>\$ 33</u>	<u>\$ 5,649</u>	<u>\$ 1,430</u>

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

	Sheriff Grant Fund	Lottery Fund	Medical Reimbursement Fund	Law Enforcement Operating Fund	Predator Control Fund	Noxious Weed Fund	Historical Society Fund
RECEIPTS							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 4
Investment Income	-	88	-	-	-	-	-
Intergovernmental	-	-	-	6,685	-	-	-
Charges for Services	-	21,740	-	-	-	-	-
Miscellaneous	-	-	-	-	6	-	6
TOTAL RECEIPTS	<u>-</u>	<u>21,828</u>	<u>-</u>	<u>6,685</u>	<u>11</u>	<u>-</u>	<u>10</u>
DISBURSEMENTS							
General Government	-	37,371	-	-	-	-	-
Public Safety	1,564	7,000	-	7,096	5,655	-	-
Public Works	-	-	-	-	-	1,706	-
Public Assistance	-	-	27,800	-	-	-	-
Culture and Recreation	-	3,000	-	-	-	-	10,000
Principal Payments	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>1,564</u>	<u>47,371</u>	<u>27,800</u>	<u>7,096</u>	<u>5,655</u>	<u>1,706</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,564)</u>	<u>(25,543)</u>	<u>(27,800)</u>	<u>(411)</u>	<u>(5,644)</u>	<u>(1,706)</u>	<u>(9,990)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,530	36	27,800	-	8,418	-	10,000
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,530</u>	<u>36</u>	<u>27,800</u>	<u>-</u>	<u>8,418</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balances	(34)	(25,507)	-	(411)	2,774	(1,706)	10
FUND BALANCES - BEGINNING	<u>41</u>	<u>42,692</u>	<u>-</u>	<u>8,820</u>	<u>83</u>	<u>2,222</u>	<u>66</u>
FUND BALANCES - ENDING	<u>\$ 7</u>	<u>\$ 17,185</u>	<u>\$ -</u>	<u>\$ 8,409</u>	<u>\$ 2,857</u>	<u>\$ 516</u>	<u>\$ 76</u>
FUND BALANCES:							
Restricted for:							
Visitor Promotion	-	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-	-	-
Committed to:							
Law Enforcement	7	-	-	8,409	2,857	-	-
Road Maintenance	-	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-	-
Equipment Purchases	-	-	-	-	-	-	-
Property Reappraisal	-	-	-	-	-	-	-
Community Projects	-	17,185	-	-	-	-	-
Noxious Weeds	-	-	-	-	-	516	-
Historical Society	-	-	-	-	-	-	76
TOTAL FUND BALANCES	<u>\$ 7</u>	<u>\$ 17,185</u>	<u>\$ -</u>	<u>\$ 8,409</u>	<u>\$ 2,857</u>	<u>\$ 516</u>	<u>\$ 76</u>

HARLAN 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 Services Fund	Payment In Lieu of Taxes Fund	STOP Program Fund	Hospital Bond Fund	Grants Special Projects Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ 9,957	\$ -	\$ -	\$ 265,950	\$ -	\$ 295,546
Investment Income	-	-	-	1,114	-	1,232
Intergovernmental	-	-	-	28,759	-	148,542
Charges for Services	-	-	720	-	-	26,109
Miscellaneous	3	-	-	45,289	-	50,086
TOTAL RECEIPTS	<u>9,960</u>	<u>-</u>	<u>720</u>	<u>341,112</u>	<u>-</u>	<u>521,515</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	205,837
Public Safety	12,120	-	1,090	-	-	36,075
Public Works	-	-	-	-	-	30,657
Public Assistance	-	-	-	-	-	30,259
Culture and Recreation	-	-	-	-	-	30,033
Principal Payments	-	-	-	365,000	-	365,000
Interest and Fiscal Charges	-	-	-	42,247	-	42,247
TOTAL DISBURSEMENTS	<u>12,120</u>	<u>-</u>	<u>1,090</u>	<u>407,247</u>	<u>-</u>	<u>740,108</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,160)</u>	<u>-</u>	<u>(370)</u>	<u>(66,135)</u>	<u>-</u>	<u>(218,593)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	4,280	55	-	135,704
Transfers out	-	(82,809)	-	-	-	(82,809)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(82,809)</u>	<u>4,280</u>	<u>55</u>	<u>-</u>	<u>52,895</u>
Net Change in Fund Balances	(2,160)	(82,809)	3,910	(66,080)	-	(165,698)
FUND BALANCES - BEGINNING	<u>10,235</u>	<u>82,809</u>	<u>-</u>	<u>156,611</u>	<u>-</u>	<u>611,726</u>
FUND BALANCES - ENDING	<u>\$ 8,075</u>	<u>\$ -</u>	<u>\$ 3,910</u>	<u>\$ 90,531</u>	<u>\$ -</u>	<u>\$ 446,028</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	19,280
911 Emergency Services	8,075	-	-	-	-	8,075
Drug Education	-	-	-	-	-	1,430
Preservation of Records	-	-	-	-	-	4,944
Debt Service	-	-	-	90,531	-	90,531
Road and Bridge Maintenance	-	-	-	-	-	178,997
Committed to:						
Law Enforcement	-	-	3,910	-	-	20,832
Road Maintenance	-	-	-	-	-	16,299
Aid and Assistance	-	-	-	-	-	28,291
County Buildings	-	-	-	-	-	37,014
Equipment Purchases	-	-	-	-	-	22,367
Property Reappraisal	-	-	-	-	-	191
Community Projects	-	-	-	-	-	17,185
Noxious Weeds	-	-	-	-	-	516
Historical Society	-	-	-	-	-	76
TOTAL FUND BALANCES	<u>\$ 8,075</u>	<u>\$ -</u>	<u>\$ 3,910</u>	<u>\$ 90,531</u>	<u>\$ -</u>	<u>\$ 446,028</u>

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Historical Society	Highway Superintendent	County Assessor	Total
BALANCES JULY 1, 2018	\$ 8,111	\$ 15,022	\$ 4,456	\$ 780	\$ 20,424	\$ 469	\$ 12	\$ 49,274
RECEIPTS								
Property Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	425	-	510	-	-	330	-	1,265
Intergovernmental	-	-	-	-	10,000	-	-	10,000
Charges for Services	32,753	3,280	10,887	-	-	2,051	-	48,971
Miscellaneous	10	-	191	-	1,953	8,926	162	11,242
State Fees	32,712	3,566	-	-	-	326	-	36,604
Other Liabilities	-	199,973	67,748	-	-	-	-	267,721
TOTAL RECEIPTS	65,900	206,819	79,336	-	11,953	11,633	162	375,803
DISBURSEMENTS								
Payments to County Treasurer	33,196	3,256	14,924	230	-	12,002	32	63,640
Payments to State Treasurer	34,828	3,771	-	-	-	-	-	38,599
Other Liabilities	8	160,403	67,602	500	14,293	-	142	242,948
TOTAL DISBURSEMENTS	68,032	167,430	82,526	730	14,293	12,002	174	345,187
BALANCES JUNE 30, 2019	<u>\$ 5,979</u>	<u>\$ 54,411</u>	<u>\$ 1,266</u>	<u>\$ 50</u>	<u>\$ 18,084</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 79,890</u>
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 3,491	\$ 186	\$ 1,114	\$ -	\$ -	\$ 100	\$ -	\$ 4,891
Petty Cash	50	-	-	50	-	-	-	100
Due to State Treasurer	2,438	87	-	-	-	-	-	2,525
Due to Others	-	54,138	152	-	18,084	-	-	72,374
BALANCES JUNE 30, 2019	<u>\$ 5,979</u>	<u>\$ 54,411</u>	<u>\$ 1,266</u>	<u>\$ 50</u>	<u>\$ 18,084</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 79,890</u>

HARLAN 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	\$ 10,699,358	\$ 11,138,866	\$ 11,277,526	\$ 11,313,401	\$ 11,540,689
Personal and Specials	721,398	669,734	562,727	588,992	551,154
Total	11,420,756	11,808,600	11,840,253	11,902,393	12,091,843
Corrections					
Additions	2,144	1,666	4,226	844	195
Deductions	(1,927)	(13,098)	(6,605)	(1,873)	(2,757)
Net Additions/ (Deductions)	217	(11,432)	(2,379)	(1,029)	(2,562)
Corrected Certified Tax	11,420,973	11,797,168	11,837,874	11,901,364	12,089,281
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	7,784,731	-	-	-	-
June 30, 2016	3,601,540	8,020,580	-	-	-
June 30, 2017	27,376	3,759,513	7,705,979	-	-
June 30, 2018	3,069	8,928	4,109,817	7,966,895	-
June 30, 2019	3,974	6,284	17,976	3,915,502	7,995,726
Total Net Collections	11,420,690	11,795,305	11,833,772	11,882,397	7,995,726
Total Uncollected Tax	\$ 283	\$ 1,863	\$ 4,102	\$ 18,967	\$ 4,093,555
Percentage Uncollected Tax	0.00%	0.02%	0.03%	0.16%	33.86%

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

HARLAN 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
Harlan 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 Harlan County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Harlan County's basic financial statements, and have issued our report thereon dated December 17, 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 Harlan County Hospital, a component unit of Harlan County.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harlan 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 Harlan 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 Harlan 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 Harlan County in a separate letter dated December 17, 2019.

Harlan County's Response to Findings

Harlan 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

December 17, 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

December 17, 2019

Board of Supervisors
Harlan County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Harlan County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated December 17, 2019. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

COUNTY OVERALL

Segregation of Duties

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

We noted 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.

COUNTY BOARD

Keno Lottery Fund Payments

During our audit, we noted that the County paid claims of \$47,364 from the Lottery Fund to certain entities, as detailed in the following table. However, documentation supporting how the funds were used by those entities was not obtained and reviewed.

Entity	Amount
Harlan County CASA	\$ 7,000
Fire Districts	19,979
S.A.F.E. Center	1,000
Libraries	3,000
Harlan County Senior Center	16,385
Total	\$ 47,364

A good internal control plan and sound business practices require procedures to ensure that any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately.

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

We recommend the County Board implement procedures to ensure any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately.

Claims Procedures

During our testing of claims approved by the County Board, we noted the following:

- The County was unable to provide bidding documentation for a contract awarded to Dobberstein Roofing. Payments to Dobberstein Roofing during fiscal year 2019 totaled \$67,443.
- Payments, totaling \$440, on the County's credit cards were not supported by adequate documentation. Details of these purchases are included in the following table:

Office	Vendor	Amount
Sheriff	Norton	\$ 105
Sheriff	UPS	55
Sheriff	UPS	6
Sheriff	Short Stop	24
Clerk	Crash Plan	80
Assessor	Country Inn & Suites	170
Total		\$ 440

- Four additional claims tested lacked adequate supporting documentation attached to the claim, or the claim could not be located at all. Details of these claims are included in the following table:

Check #	Payee	Amount	Description
42956	Steamaway Cleaning	\$ 446	Claim could not be located
42833	USPS	165	Stamps
42628	USPS	165	Stamps
41838	Lonny Hanna	45	Cell Phone Reimbursement
Total		\$ 821	

Neb. Rev. Stat. § 23-3108(1) (Cum. Supp. 2018) requires the following, in relevant part:

Except as provided in section 23-3109, purchases of personal property or services by the county board or purchasing agent shall be made:

(a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is fifty thousand dollars or more[.]

Additionally, good internal controls and sound business practices require that bidding and other relevant supporting documentation be maintained for all claims approved by the County Board.

Without procedures to require and maintain supporting documentation for all claims approved by the County Board, there is an increased risk for the loss and/or misuse of funds.

We recommend the County Board implement procedures to require and maintain adequate supporting documentation for all claims approved for payment.

Payroll Procedures

During our testing of payroll, we noted the following:

- The Highway Superintendent did not complete a timesheet to document hours worked. Consequently, the County Clerk also had to “estimate” the days he worked for purposes of adding \$3/day to taxable wages for use of a County vehicle to commute to work.
- Vacation leave was not properly accrued for two of three employees tested. One employee earned 17.5 hours of vacation leave per month, instead of 16 hours, and the other employee earned 12.5 hours of vacation leave per month, instead of 10 hours.
- The County Board was not regularly receiving and reviewing leave usage and balances for all County employees.

Per the Harlan County Handbook (Handbook), employees with 20 to 24 years of service should earn 16 hours of vacation leave per month, and employees with 5 to 9 years of service should earn 10 hours per month.

A good internal control plan requires procedures to ensure that all employees are documenting hours worked, and leave is accrued in accordance with the Handbook. Additionally, those same procedures should require the County Board to review employee leave accruals and usage to ensure compliance with the applicable provisions of the Handbook.

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

We recommend the County implement procedures to ensure all employees maintain supporting documentation for hours worked, leave is accrued in accordance with the Handbook, and the County Board reviews leave accruals and usage.

Review of Delinquent Personal Property Taxes

A listing of delinquent personal property taxes was not reviewed prior to the payment of claims to ensure that payees had no delinquent personal property taxes.

Neb. Rev. Stat. § 23-143 (Reissue 2012) states the following:

The county board of any county, whenever the account or claim of any person, firm or corporation against the county is presented to them for allowance, shall procure from the county treasurer a certificate of the amount of delinquent personal taxes assessed against the person, firm or corporation in whose favor the account or claim is presented, and shall deduct from any amount found due upon such account or claim the amount of such tax, and shall forthwith issue a warrant for the balance remaining, if any.

When claims are not reviewed for delinquent personal property taxes, the County is not in compliance with State statute, increasing the risk for loss or misuse of funds.

We recommend the County Clerk implement procedures for reviewing payees for delinquent personal property taxes before their claims are approved and paid by the County.

COUNTY CLERK OF THE DISTRICT COURT

Review of Overdue Case Balance Report

We noted the Clerk of the District Court was not adequately reviewing the Overdue Case Balance Report (Report) to ensure the balances therein were proper, and timely action to collect or resolve those balances was taken during fiscal year 2019.

As of November 8, 2019, the Report contained 24 balances on criminal cases, totaling \$13,269. No warrants or suspensions had been issued.

Good internal control and sound business practice 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 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.

Case Balances Not Current

The Clerk of the District Court did not adequately review the Case Balance Report to ensure the case balances reflected therein were proper and appropriate action was taken timely. Four case balances tested, totaling \$260, did not have timely action taken to disburse the funds held to the proper party.

Good internal control and sound business practices require procedures for ensuring the Case Balance Report is reviewed on an ongoing, timely basis to determine what action, if any, should be taken to resolve the trust balances reflected therein.

Without such procedures, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

We recommend the District Court implement procedures for a detailed review of the monthly financial reports, including the Case Balance Report, to ensure the balances contained therein are proper.

COUNTY SHERIFF

Accounting Procedures

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

- At June 30, 2019, office records indicated an unexplained cash long of \$171. The County Sheriff was unable to identify the proper recipient(s) of these funds.
- The bank statement was not reconciled to the accounting records on a monthly basis, so an accurate listing of outstanding checks or book balance could not be provided.
- All civil process fees earned were not remitted to the County Treasurer. The County Sheriff remitted fees collected, but not all fees earned.
- The County Sheriff remitted \$35 in mileage fees to the County Treasurer during fiscal year 2019, which was not recorded in the fee book.
- The County Sheriff failed to remit timely \$50 in fees that was due to the County Treasurer. Those fees were originally received in August 2017.
- A listing of accounts receivable at June 30, 2019, could not be provided.
- The County Sheriff did not restrictively endorse 14 checks, totaling \$351, at the time cash was counted on November 20, 2019.

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) requires the County Sheriff to “pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.”

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) provides 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. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Additionally, good internal control and sound business practices require procedures to ensure the following: 1) office assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, and accounts payable), and any variances noted are resolved timely; 2) bank account balances are reconciled to accounting records on a monthly basis; 3) all monies earned are remitted timely and accurately to the County Treasurer; 4) procedures are performed to document accounts receivable balances; and 5) checks are restrictively endorsed immediately upon receipt.

We recommend the County Sheriff implement procedures to ensure office assets agree with office liabilities, and any variances noted are resolved timely. Those same procedures should ensure bank account balances are reconciled to accounting records on a monthly basis, all monies earned are remitted timely and accurately to the County Treasurer, procedures are performed to document accounts receivable balances, and checks are restrictively endorsed immediately upon receipt.

Petty Cash Procedures

We noted several issues with petty cash funds being held in the County Sheriff's office:

- The County Sheriff was approved to maintain a \$1,000 petty cash fund; however, the office never actually received these funds from the County.
- The County Sheriff made a payment in December 2018 of \$2,562 directly toward a credit card billing. As noted previously, the County Sheriff does not actually have any petty cash funds available to make such a payment, so fees collected and deposited in the bank account were used for the payment.
- During the fiscal year 2018 audit, we noted that the County Sheriff had \$6 on hand in petty cash at the time of fieldwork. However, during the current audit, the County Sheriff no longer possessed that cash on hand, and no support could be provided regarding the disposition of these funds.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) provides 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. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Neb. Rev. Stat. § 23-106 (Reissue 2012) states the following:

(1) The county board shall manage the county funds and county business except as otherwise specifically provided.

(2) The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Good internal controls require procedures to ensure that petty cash funds are maintained at the authorized amounts, adequate records are maintained to support the disposition of all monies received in the office, and purchases are made through the claim and warrant process of the County Board when the office lacks petty cash funds.

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

We recommend the County Sheriff implement procedures to ensure the following: 1) petty cash funds are maintained at the authorized amount; 2) all purchases are made through the claim and warrant process when petty cash funds are not available; and 3) adequate records are maintained to support the disposition of all monies received in the office.

COUNTY TREASURER

5% Gross In-Lieu Distribution

The County Treasurer did not calculate appropriately the Twin Valleys Public Power District In-Lieu of Tax payments. The correct levy rate for the Franklin School District Special Building Fund was not used, resulting in variances to certain county, municipality, and school funds. The table below details these variances:

Entity	Over (Under) Payment
Harlan County	\$ 38
Harlan County Hospital	\$ 6
Alma School District	\$ 219
Franklin School District	\$ (343)
Republican City	\$ 80

Neb. Rev. Stat. § 70-651.04 (Reissue 2018) states, in relevant part, the following:

All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village, to any learning community located in that city or village for payments distributed prior to September 1, 2017, and to the county in which may be located any such incorporated city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies

When distributions are not made according to State statute, subdivisions do not receive the correct amount of funding, further increasing the risk for loss and/or misuse of funds.

We recommend the County Treasurer correct the erroneous distribution and implement procedures to ensure the accuracy of all future distributions.

* * * * *

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". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Deann Haeffner, CPA
Assistant Deputy Auditor