

**AUDIT REPORT
OF
RICHARDSON COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on November 10, 2020

RICHARDSON COUNTY

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RICHARDSON COUNTY
1700 Stone St.
Falls City, NE 68355

LIST OF COUNTY OFFICIALS
At June 30, 2020

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



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RICHARDSON COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Richardson County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Richardson County as of June 30, 2020, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

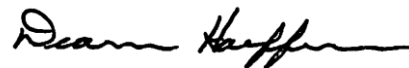
Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18-31, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, on our consideration of Richardson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richardson County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

November 2, 2020

RICHARDSON COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,429,004
Investments (Note 1.D)	2,382,288
TOTAL ASSETS	\$ 4,811,292
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 31,559
Drug Education	1,919
Law Enforcement	3,448
Preservation of Records	1,134
Debt Service	668,664
Road Maintenance	774,641
Unrestricted	3,329,927
TOTAL NET POSITION	\$ 4,811,292

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

RICHARDSON COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2020

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	\$ (3,111,759)	\$ 285,470	\$ 104,412	\$ (2,721,877)
Public Safety	(2,110,593)	168,558	129,440	(1,812,595)
Public Works	(2,662,354)	1,254	1,804,897	(856,203)
Public Assistance	(72,053)	-	-	(72,053)
Culture and Recreation	(18,544)	-	-	(18,544)
Debt Payments	(650,865)	-	-	(650,865)
Total Governmental Activities	\$ (8,626,168)	\$ 455,282	\$ 2,038,749	(6,132,137)

General Receipts:

Property Taxes	5,213,901
Grants and Contributions Not Restricted to Specific Programs	615,078
Investment Income	52,962
Licenses and Permits	40,536
Lease Purchase Agreement Proceeds	125,000
Miscellaneous	81,347
Total General Receipts	6,128,824
 Increase in Net Position	 (3,313)
Net Position - Beginning of year	4,814,605
Net Position - End of year	\$ 4,811,292

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

RICHARDSON COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Road Buyback Program Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 632,073	\$ 1,022,290	\$ -	\$ 774,641	\$ -	\$ 2,429,004
Investments (Note 1.D)	57,157	-	1,289,337	-	1,035,794	2,382,288
TOTAL ASSETS	<u>\$ 689,230</u>	<u>\$ 1,022,290</u>	<u>\$ 1,289,337</u>	<u>\$ 774,641</u>	<u>\$ 1,035,794</u>	<u>\$ 4,811,292</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	31,559	31,559
Drug Education	-	-	-	-	1,919	1,919
Law Enforcement	-	-	-	-	3,448	3,448
Preservation of Records	-	-	-	-	1,134	1,134
Debt Service	-	-	-	-	668,664	668,664
Road Maintenance	-	-	-	774,641	-	774,641
Committed to:						
Law Enforcement	-	-	-	-	296,495	296,495
Road Maintenance	-	1,022,290	-	-	19,807	1,042,097
Aid and Assistance	-	-	-	-	12,768	12,768
Other Purposes	-	-	1,289,337	-	-	1,289,337
Unassigned	689,230	-	-	-	-	689,230
TOTAL CASH BASIS FUND BALANCES	<u>\$ 689,230</u>	<u>\$ 1,022,290</u>	<u>\$ 1,289,337</u>	<u>\$ 774,641</u>	<u>\$ 1,035,794</u>	<u>\$ 4,811,292</u>

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

RICHARDSON COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Road Fund	Inheritance Fund	Road Buyback Program Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$4,347,163	\$ -	\$ 425,969	\$ -	\$ 440,769	\$ 5,213,901
Licenses and Permits	38,936	1,600	-	-	-	40,536
Investment Income	52,962	-	-	-	-	52,962
Intergovernmental	771,209	1,519,714	-	285,369	77,535	2,653,827
Charges for Services	439,590	1,254	-	-	14,438	455,282
Miscellaneous	37,273	41,840	125,000	-	2,234	206,347
TOTAL RECEIPTS	<u>5,687,133</u>	<u>1,564,408</u>	<u>550,969</u>	<u>285,369</u>	<u>534,976</u>	<u>8,622,855</u>
DISBURSEMENTS						
General Government	2,735,277	-	369,279	-	7,203	3,111,759
Public Safety	2,076,672	-	-	-	33,921	2,110,593
Public Works	16,990	2,645,364	-	-	-	2,662,354
Public Assistance	70,053	-	-	-	2,000	72,053
Culture and Recreation	-	-	-	-	18,544	18,544
Debt Service:						
Principal Payments	-	-	-	-	547,155	547,155
Interest and Fiscal Charges	-	-	-	-	103,710	103,710
TOTAL DISBURSEMENTS	<u>4,898,992</u>	<u>2,645,364</u>	<u>369,279</u>	<u>-</u>	<u>712,533</u>	<u>8,626,168</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>788,141</u>	<u>(1,080,956)</u>	<u>181,690</u>	<u>285,369</u>	<u>(177,557)</u>	<u>(3,313)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	400,000	1,355,514	-	-	-	1,755,514
Transfers out	(1,150,750)	-	(400,000)	-	(204,764)	(1,755,514)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(750,750)</u>	<u>1,355,514</u>	<u>(400,000)</u>	<u>-</u>	<u>(204,764)</u>	<u>-</u>
Net Change in Fund Balances	37,391	274,558	(218,310)	285,369	(382,321)	(3,313)
CASH BASIS FUND BALANCES - BEGINNING						
	<u>651,839</u>	<u>747,732</u>	<u>1,507,647</u>	<u>489,272</u>	<u>1,418,115</u>	<u>4,814,605</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 689,230</u>	<u>\$1,022,290</u>	<u>\$ 1,289,337</u>	<u>\$ 774,641</u>	<u>\$ 1,035,794</u>	<u>\$ 4,811,292</u>

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

RICHARDSON COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 613,828
 LIABILITIES	
Due to other governments	
State	266,404
Schools	246,681
Educational Service Units	2,497
Technical College	15,590
Natural Resource Districts	4,465
Fire Districts	1,396
Municipalities	45,164
Agricultural Society	517
Others	31,114
TOTAL LIABILITIES	613,828
 TOTAL NET ASSETS	 \$ -

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Richardson County.

A. Reporting Entity

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

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

Joint Organization.

Behavioral Health Region V – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$34,935 toward the operation of the Region during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2020. 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.

Southeast Nebraska Adult Drug Court (Drug Court) – The County has entered into an agreement with the governing boards of Otoe, Nemaha, Johnson, and Pawnee counties to establish the Southeast Nebraska Adult Drug Court. The intention of the Drug Court is to reduce recidivism, and redirect participants out of the court system. The County was named the fiscal agent for the Drug Court. Each participating county contributes to the operation of the Drug Court based on each county's respective population. The fiscal year 2020 budget for the Drug Court was \$31,400. Richardson County's portion of the budget was \$7,878. The financial activity of the Drug Court is reflected as a non-major fund in this report.

Southeast Region Emergency Management (Southeast Region) – The County has entered into an agreement with the governing boards of Cass County, Gage County, Fillmore County, Johnson County, Lancaster County, Nemaha County, Otoe County, Pawnee County, Jefferson County, Saline County, Seward County, Thayer County, and York County to establish regional emergency management coordination, including planning, exercise, training, interoperable communications, grant funding administration, and mutual aid arrangements among the participating entities.

The governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Any expenses of the Southeast Region not covered by grant funds would be shared equally among the participating counties. The County did not contribute toward the operation of the Southeast Region during fiscal year 2020. In event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. Jefferson County was named the fiscal agent of the Southeast Region, and all financial activity of the Southeast Region is available in the Jefferson County audit 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

The County reports the following major governmental funds:

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

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

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

The County reports the following additional non-major governmental fund types:

Special Revenue Funds. These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

Agency Funds. These funds account for assets held by the County as an agent for various local governments.

Debt Service Funds. The Highway Allocation Bond Fund and Jail Bond Fund account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

RICHARDSON 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.

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,481,365 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

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

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

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).

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

At year end, the County's carrying amount of deposits was \$2,429,004 for County funds and \$613,828 for Fiduciary funds. The bank balances for all funds totaled \$3,187,191. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$2,382,288 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.337391/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.340156/\$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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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

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

For the year ended June 30, 2020, 104 employees contributed \$149,749, and the County contributed \$222,565. Contributions included \$4,115 in cash contributions towards the supplemental law enforcement plan for 12 law enforcement employees. Lastly, the County paid \$643 directly to six retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes adequate coverage for potential exposures. There were no significant reductions of insurance coverage from the prior year, and the County did not incur any expenses that exceeded the coverage amounts for the fiscal year ended June 30, 2020.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 1,150,750	\$ -	\$ 204,764	\$ 1,355,514
General Fund	-	400,000	-	400,000
Total	\$ 1,150,750	\$ 400,000	\$ 204,764	\$ 1,755,514

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, 2020, the County made a one-time transfer of \$204,764 from the Natural Disaster Fund to the Road Fund to reimburse eligible costs originally paid from the Road Fund.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Capital Leases Payable**

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

	Camera Equipment
Balance July 1, 2019	\$ -
Purchases	127,551
Payments	-
Balance June 30, 2020	<u>\$ 127,551</u>
Future Payments:	
Year	
2021	\$ 33,244
2022	33,245
2023	33,245
2024	33,244
Total Payments	<u>132,978</u>
Less Interest	<u>5,427</u>
Present Value of Future Minimum Lease Payments	<u>\$ 127,551</u>
Carrying Value of the Related Fixed Asset	<u>\$ 132,978</u>

8. **Long-Term Debt**

Highway Allocation Bond. The County issued bonds on March 17, 2016, in the amount of \$1,455,000 for the purpose of refunding certain bonds of the County. The bond payable balance, as of June 30, 2020, was \$1,095,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	Principal	Interest	Total
2021	\$ 90,000	\$ 24,897	\$ 114,897
2022	90,000	23,593	113,593
2023	95,000	22,287	117,287
2024	95,000	20,530	115,530
2025	100,000	18,773	118,773
2026-2030	510,000	59,368	569,368
2031	115,000	3,507	118,507
Total Payments	<u>\$ 1,095,000</u>	<u>\$ 172,955</u>	<u>\$ 1,267,955</u>

Law Enforcement Center Jail Bond. The County issued bonds on June 30, 2015 in the amount of \$3,740,000 for the purpose of paying the costs of renovation and improving its existing law enforcement center and constructing an addition thereto, and certain costs of issuance related to the bonds. The bond payable balance, as of June 30, 2020, was \$2,855,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Long-Term Debt (Concluded)

Future Payments:	Principal	Interest	Total
Year	<u> </u>	<u> </u>	<u> </u>
2021	\$ 230,000	\$ 75,908	\$ 305,908
2022	235,000	71,429	306,429
2023	240,000	66,320	306,320
2024	245,000	60,680	305,680
2025	250,000	54,552	304,552
2026-2030	1,360,000	160,133	1,520,133
2031	295,000	5,015	300,015
Total Payments	<u>\$ 2,855,000</u>	<u>\$ 494,037</u>	<u>\$ 3,349,037</u>

After the end of fiscal year 2020, the County refinanced this bond in July 2020 for \$2,425,000. The schedule shown above reflects the bond payable balance as of June 30, 2020; however, the debt schedule will be adjusted accordingly in future years due to this bond refinancing.

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,657,497	\$ 4,657,497	\$ 4,347,163	\$ (310,334)
Licenses and Permits	26,000	26,000	38,936	12,936
Interest	40,000	40,000	52,962	12,962
Intergovernmental	481,906	481,906	771,209	289,303
Charges for Services	399,663	399,663	439,590	39,927
Miscellaneous	25,690	25,690	37,273	11,583
TOTAL RECEIPTS	<u>5,630,756</u>	<u>5,630,756</u>	<u>5,687,133</u>	<u>56,377</u>
DISBURSEMENTS				
General Government:				
County Board	71,377	71,377	71,377	-
County Clerk	148,747	148,747	147,451	1,296
County Treasurer	176,165	176,165	172,429	3,736
County Assessor	181,994	181,994	177,022	4,972
Election Commissioner	72,000	72,000	72,000	-
Clerk of the District Court	82,547	82,547	81,577	970
County Court System	10,200	10,200	7,125	3,075
Building and Grounds	172,300	172,300	151,124	21,176
Agricultural Extension Agent	58,084	58,084	56,098	1,986
CDC - Child Support Agreement	20,499	20,499	20,499	-
Capital Acquisitions	20,000	20,000	-	20,000
Miscellaneous	1,829,393	1,709,444	1,778,575	(69,131)
Public Safety				
County Sheriff	651,644	767,646	767,645	1
County Attorney	89,550	92,688	92,688	-
Nuclear Accident Emergency Preparedness	72,700	72,700	67,264	5,436
County Jail	745,366	745,366	742,615	2,751
Emergency Management	125,489	125,489	116,827	8,662
Humboldt Sheriff	88,278	88,278	86,046	2,232
Attorney - Child Support Agreement	92,000	92,548	92,548	-
Attorney - Incentive Match	36,700	36,961	36,961	-
Juvenile Services Grant	80,245	80,245	74,078	6,167
Public Works				
County Surveyor	14,044	14,044	12,070	1,974
Noxious Weed Control	6,000	6,000	4,920	1,080
Public Assistance				
Veterans' Service Officer	70,858	70,858	70,053	805
TOTAL DISBURSEMENTS	<u>4,916,180</u>	<u>4,916,180</u>	<u>4,898,992</u>	<u>17,188</u>

RICHARDSON COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	714,576	714,576	788,141	73,565
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Transfers out	(1,366,415)	(1,366,415)	(1,150,750)	215,665
TOTAL OTHER FINANCING SOURCES (USES)	(966,415)	(966,415)	(750,750)	215,665
Net Change in Fund Balance	(251,839)	(251,839)	37,391	289,230
FUND BALANCE - BEGINNING	651,839	651,839	651,839	-
FUND BALANCE - ENDING	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 689,230</u>	<u>\$ 289,230</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ 500	\$ 500	\$ 1,600	\$ 1,100
Intergovernmental	1,502,754	1,502,754	1,519,714	16,960
Charges for Services	-	-	1,254	1,254
Miscellaneous	67,000	67,000	41,840	(25,160)
TOTAL RECEIPTS	1,570,254	1,570,254	1,564,408	(5,846)
DISBURSEMENTS	4,019,164	4,019,164	2,645,364	1,373,800
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,448,910)	(2,448,910)	(1,080,956)	1,367,954
OTHER FINANCING SOURCES (USES)				
Transfers in	1,701,178	1,701,178	1,355,514	(345,664)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,701,178	1,701,178	1,355,514	(345,664)
Net Change in Fund Balance	(747,732)	(747,732)	274,558	1,022,290
FUND BALANCE - BEGINNING	747,732	747,732	747,732	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,022,290	\$ 1,022,290

INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,353	\$ 300,353	\$ 425,969	\$ 125,616
Miscellaneous	-	-	125,000	125,000
TOTAL RECEIPTS	300,353	300,353	550,969	250,616
DISBURSEMENTS	1,408,000	1,408,000	369,279	1,038,721
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,107,647)	(1,107,647)	181,690	1,289,337
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(400,000)	(400,000)	(400,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(400,000)	(400,000)	(400,000)	-
Net Change in Fund Balance	(1,507,647)	(1,507,647)	(218,310)	1,289,337
FUND BALANCE - BEGINNING	1,507,647	1,507,647	1,507,647	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,289,337	\$ 1,289,337

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ROAD BUYBACK PROGRAM FUND</u>				
RECEIPTS				
Intergovernmental	\$ 285,369	\$ 285,369	\$ 285,369	\$ -
TOTAL RECEIPTS	<u>285,369</u>	<u>285,369</u>	<u>285,369</u>	<u>-</u>
DISBURSEMENTS	<u>774,641</u>	<u>774,641</u>	<u>-</u>	<u>774,641</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(489,272)</u>	<u>(489,272)</u>	<u>285,369</u>	<u>774,641</u>
Net Change in Fund Balance	(489,272)	(489,272)	285,369	774,641
FUND BALANCE - BEGINNING	489,272	489,272	489,272	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,641</u>	<u>\$ 774,641</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL MATCHING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(238,841)	(238,841)	-	238,841
Net Change in Fund Balance	(238,841)	(238,841)	-	238,841
Fund Balance - Beginning	238,841	238,841	238,841	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,841</u>	<u>\$ 238,841</u>
ROAD/BRIDGE SINKING FUND				
Receipts	\$ -	\$ -	\$ 46	\$ 46
Disbursements	(19,761)	(19,761)	-	19,761
Net Change in Fund Balance	(19,761)	(19,761)	46	19,807
Fund Balance - Beginning	19,761	19,761	19,761	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,807</u>	<u>\$ 19,807</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ 14,067	\$ 14,067	\$ 13,927	\$ (140)
Disbursements	(25,500)	(25,500)	(10,044)	15,456
Net Change in Fund Balance	(11,433)	(11,433)	3,883	15,316
Fund Balance - Beginning	11,433	11,433	11,433	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,316</u>	<u>\$ 15,316</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 19,185	\$ 19,185	\$ 13,928	\$ (5,257)
Disbursements	(30,000)	(30,000)	(8,500)	21,500
Net Change in Fund Balance	(10,815)	(10,815)	5,428	16,243
Fund Balance - Beginning	10,815	10,815	10,815	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,243</u>	<u>\$ 16,243</u>
REGISTER OF DEEDS PRESERVE & MODERNIZE FUND				
Receipts	\$ 5,181	\$ 5,181	\$ 6,018	\$ 837
Disbursements	(7,500)	(7,500)	(7,203)	297
Net Change in Fund Balance	(2,319)	(2,319)	(1,185)	1,134
Fund Balance - Beginning	2,319	2,319	2,319	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134</u>	<u>\$ 1,134</u>

(Continued)

RICHARDSON COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MEDICAL RELIEF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(11,624)	(11,624)	(500)	11,124
Net Change in Fund Balance	(11,624)	(11,624)	(500)	11,124
Fund Balance - Beginning	11,624	11,624	11,624	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,124</u>	<u>\$ 11,124</u>
VETERANS' AID FUND				
Receipts	\$ 2,977	\$ 2,977	\$ 3,121	\$ 144
Disbursements	(3,000)	(3,000)	(1,500)	1,500
Net Change in Fund Balance	(23)	(23)	1,621	1,644
Fund Balance - Beginning	23	23	23	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,644</u>	<u>\$ 1,644</u>
JUVENILE DIVERSION FUND				
Receipts	\$ 1,854	\$ 1,854	\$ 6,550	\$ 4,696
Disbursements	(27,500)	(27,500)	(7,656)	19,844
Net Change in Fund Balance	(25,646)	(25,646)	(1,106)	24,540
Fund Balance - Beginning	25,646	25,646	25,646	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,540</u>	<u>\$ 24,540</u>
DRUG COURT FUND				
Receipts	\$ 31,400	\$ 31,400	\$ 31,400	\$ -
Disbursements	(31,400)	(31,400)	(23,815)	7,585
Net Change in Fund Balance	-	-	7,585	7,585
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,585</u>	<u>\$ 7,585</u>
STOP PROGRAM DIVERSION FUND				
Receipts	\$ 4,426	\$ 4,426	\$ 3,250	\$ (1,176)
Disbursements	(15,000)	(15,000)	-	15,000
Net Change in Fund Balance	(10,574)	(10,574)	3,250	13,824
Fund Balance - Beginning	10,574	10,574	10,574	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,824</u>	<u>\$ 13,824</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ 1,899	\$ 1,899
Disbursements	(609)	(609)	(589)	20
Net Change in Fund Balance	(609)	(609)	1,310	1,919
Fund Balance - Beginning	609	609	609	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,919</u>	<u>\$ 1,919</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,973)	(4,973)	(1,525)	3,448
Net Change in Fund Balance	(4,973)	(4,973)	(1,525)	3,448
Fund Balance - Beginning	4,973	4,973	4,973	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,448</u>	<u>\$ 3,448</u>
SHERIFF COMMISSARY FUND				
Receipts	\$ 3,329	\$ 3,329	\$ 1,870	\$ (1,459)
Disbursements	(13,500)	(13,500)	(336)	13,164
Net Change in Fund Balance	(10,171)	(10,171)	1,534	11,705
Fund Balance - Beginning	10,171	10,171	10,171	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,705</u>	<u>\$ 11,705</u>
JAIL BOND FUND				
Receipts	\$ 284,563	\$ 284,563	\$ 310,684	\$ 26,121
Disbursements	(750,000)	(750,000)	(534,532)	215,468
Net Change in Fund Balance	(465,437)	(465,437)	(223,848)	241,589
Fund Balance - Beginning	465,437	465,437	465,437	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,589</u>	<u>\$ 241,589</u>
HIGHWAY ALLOCATION BOND FUND				
Receipts	\$ 123,875	\$ 123,875	\$ 142,283	\$ 18,408
Disbursements	(525,000)	(525,000)	(116,333)	408,667
Net Change in Fund Balance	(401,125)	(401,125)	25,950	427,075
Fund Balance - Beginning	401,125	401,125	401,125	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,075</u>	<u>\$ 427,075</u>

(Continued)

RICHARDSON COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>NATURAL DISASTER FUND</u>				
Receipts	\$ 130,000	\$ 130,000	\$ -	\$ (130,000)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(334,764)	(334,764)	(204,764)	130,000
Net Change in Fund Balance	(204,764)	(204,764)	(204,764)	-
Fund Balance - Beginning	204,764	204,764	204,764	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

RICHARDSON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Federal Matching Fund	Road/Bridge Sinking Fund	Visitor's Promotion Fund	Visitor's Improvement Fund
RECEIPTS				
Property Taxes	\$ -	\$ 46	\$ 13,927	\$ 13,928
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>46</u>	<u>13,927</u>	<u>13,928</u>
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	10,044	8,500
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>10,044</u>	<u>8,500</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>46</u>	<u>3,883</u>	<u>5,428</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	46	3,883	5,428
FUND BALANCES - BEGINNING	<u>238,841</u>	<u>19,761</u>	<u>11,433</u>	<u>10,815</u>
FUND BALANCES - ENDING	<u>\$ 238,841</u>	<u>\$ 19,807</u>	<u>\$ 15,316</u>	<u>\$ 16,243</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	15,316	16,243
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Committed to:				
Law Enforcement	238,841	-	-	-
Road Maintenance	-	19,807	-	-
Aid and Assistance	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 238,841</u>	<u>\$ 19,807</u>	<u>\$ 15,316</u>	<u>\$ 16,243</u>

(Continued)

RICHARDSON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Register of Deeds Preserve & Modernize Fund	Medical Relief Fund	Veterans' Aid Fund	Juvenile Diversion Fund	Drug Court Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 2,449	\$ -	\$ -
Intergovernmental	-	-	337	-	31,400
Charges for Services	6,018	-	-	6,550	-
Miscellaneous	-	-	335	-	-
TOTAL RECEIPTS	<u>6,018</u>	<u>-</u>	<u>3,121</u>	<u>6,550</u>	<u>31,400</u>
DISBURSEMENTS					
General Government	7,203	-	-	-	-
Public Safety	-	-	-	7,656	23,815
Public Assistance	-	500	1,500	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>7,203</u>	<u>500</u>	<u>1,500</u>	<u>7,656</u>	<u>23,815</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,185)</u>	<u>(500)</u>	<u>1,621</u>	<u>(1,106)</u>	<u>7,585</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,185)	(500)	1,621	(1,106)	7,585
FUND BALANCES - BEGINNING	<u>2,319</u>	<u>11,624</u>	<u>23</u>	<u>25,646</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,134</u>	<u>\$ 11,124</u>	<u>\$ 1,644</u>	<u>\$ 24,540</u>	<u>\$ 7,585</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	1,134	-	-	-	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	24,540	7,585
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	11,124	1,644	-	-
TOTAL FUND BALANCES	<u>\$ 1,134</u>	<u>\$ 11,124</u>	<u>\$ 1,644</u>	<u>\$ 24,540</u>	<u>\$ 7,585</u>

(Continued)

RICHARDSON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	STOP Program Diversion Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Sheriff Commissary Fund
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,250	-	-	-
Charges for Services	-	-	-	1,870
Miscellaneous	-	1,899	-	-
TOTAL RECEIPTS	<u>3,250</u>	<u>1,899</u>	<u>-</u>	<u>1,870</u>
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	589	1,525	336
Public Assistance	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>589</u>	<u>1,525</u>	<u>336</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,250</u>	<u>1,310</u>	<u>(1,525)</u>	<u>1,534</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,250	1,310	(1,525)	1,534
FUND BALANCES - BEGINNING	<u>10,574</u>	<u>609</u>	<u>4,973</u>	<u>10,171</u>
FUND BALANCES - ENDING	<u>\$ 13,824</u>	<u>\$ 1,919</u>	<u>\$ 3,448</u>	<u>\$ 11,705</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
Drug Education	-	1,919	-	-
Law Enforcement	-	-	3,448	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Committed to:				
Law Enforcement	13,824	-	-	11,705
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 13,824</u>	<u>\$ 1,919</u>	<u>\$ 3,448</u>	<u>\$ 11,705</u>

(Continued)

RICHARDSON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Jail Bond Fund	Highway Allocation Bond Fund	Natural Disaster Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 281,020	\$ 129,399	\$ -	\$ 440,769
Intergovernmental	29,664	12,884	-	77,535
Charges for Services	-	-	-	14,438
Miscellaneous	-	-	-	2,234
TOTAL RECEIPTS	<u>310,684</u>	<u>142,283</u>	<u>-</u>	<u>534,976</u>
DISBURSEMENTS				
General Government	-	-	-	7,203
Public Safety	-	-	-	33,921
Public Assistance	-	-	-	2,000
Culture and Recreation	-	-	-	18,544
Debt Service:				
Principal Payments	457,155	90,000	-	547,155
Interest and Fiscal Charges	77,377	26,333	-	103,710
TOTAL DISBURSEMENTS	<u>534,532</u>	<u>116,333</u>	<u>-</u>	<u>712,533</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(223,848)</u>	<u>25,950</u>	<u>-</u>	<u>(177,557)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(204,764)	(204,764)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(204,764)</u>	<u>(204,764)</u>
Net Change in Fund Balances	(223,848)	25,950	(204,764)	(382,321)
FUND BALANCES - BEGINNING	<u>465,437</u>	<u>401,125</u>	<u>204,764</u>	<u>1,418,115</u>
FUND BALANCES - ENDING	<u>\$ 241,589</u>	<u>\$ 427,075</u>	<u>\$ -</u>	<u>\$ 1,035,794</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	31,559
Drug Education	-	-	-	1,919
Law Enforcement	-	-	-	3,448
Preservation of Records	-	-	-	1,134
Debt Service	241,589	427,075	-	668,664
Committed to:				
Law Enforcement	-	-	-	296,495
Road Maintenance	-	-	-	19,807
Aid and Assistance	-	-	-	12,768
TOTAL FUND BALANCES	<u>\$ 241,589</u>	<u>\$ 427,075</u>	<u>\$ -</u>	<u>\$ 1,035,794</u>

(Concluded)

RICHARDSON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Emergency Manager	Juvenile Diversion	Total
BALANCES JULY 1, 2019	\$ 10,520	\$ 50,465	\$ 30,738	\$ 362	\$ 2,996	\$ 910	\$ 1,000	\$ -	\$ 96,991
RECEIPTS									
Property Taxes	-	-	5,389	-	-	-	-	-	5,389
Licenses and Permits	1,100	-	625	-	1,100	-	-	-	2,825
Intergovernmental	-	-	7,779	-	-	1,500	-	-	9,279
Charges for Services	57,206	17,507	83,168	380	11,456	-	-	6,550	176,267
Miscellaneous	771	-	19,119	-	5,149	20	4,806	-	29,865
State Fees	56,090	21,491	-	-	561	-	-	-	78,142
Other Liabilities	-	249,177	174,444	47,470	-	-	-	-	471,091
TOTAL RECEIPTS	115,167	288,175	290,524	47,850	18,266	1,520	4,806	6,550	772,858
DISBURSEMENTS									
Payments to County Treasurer	57,104	18,097	86,105	460	18,860	-	-	6,550	187,176
Payments to State Treasurer	51,775	24,462	-	-	-	-	-	-	76,237
Other Liabilities	771	237,175	194,955	47,431	1,402	1,300	4,806	-	487,840
TOTAL DISBURSEMENTS	109,650	279,734	281,060	47,891	20,262	1,300	4,806	6,550	751,253
BALANCES JUNE 30, 2020	<u>\$ 16,037</u>	<u>\$ 58,906</u>	<u>\$ 40,202</u>	<u>\$ 321</u>	<u>\$ 1,000</u>	<u>\$ 1,130</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 118,596</u>
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 7,054	\$ 2,460	\$ 24,017	\$ 320	\$ -	\$ 1,130	\$ -	\$ -	\$ 34,981
Petty Cash	150	-	3,000	-	1,000	-	1,000	-	5,150
Due to State Treasurer	8,833	664	-	-	-	-	-	-	9,497
Due to Others	-	55,782	13,185	1	-	-	-	-	68,968
BALANCES JUNE 30, 2020	<u>\$ 16,037</u>	<u>\$ 58,906</u>	<u>\$ 40,202</u>	<u>\$ 321</u>	<u>\$ 1,000</u>	<u>\$ 1,130</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 118,596</u>

RICHARDSON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 19,976,860	\$ 20,293,595	\$ 19,973,827	\$ 19,185,780	\$ 18,399,609
Personal and Specials	1,294,780	1,179,376	1,050,958	958,422	899,503
Total	21,271,640	21,472,971	21,024,785	20,144,202	19,299,112
Corrections					
Additions	1,516	2,479	1,445	3,176	707
Deductions	(1,463)	(3,165)	(2,757)	(1,951)	(915)
Net Additions/ (Deductions)	53	(686)	(1,312)	1,225	(208)
Corrected Certified Tax	21,271,693	21,472,285	21,023,473	20,145,427	19,298,904
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	13,718,553	-	-	-	-
June 30, 2017	7,528,821	13,956,096	-	-	-
June 30, 2018	18,354	7,501,312	13,669,365	-	-
June 30, 2019	2,029	6,816	7,338,341	12,950,045	-
June 30, 2020	1,905	3,740	7,662	7,184,751	12,793,830
Total Net Collections	21,269,662	21,467,964	21,015,368	20,134,796	12,793,830
Total Uncollected Tax	\$ 2,031	\$ 4,321	\$ 8,105	\$ 10,631	\$ 6,505,074
Percentage Uncollected Tax	0.01%	0.02%	0.04%	0.05%	33.71%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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RICHARDSON COUNTY
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Richardson County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Richardson County's basic financial statements, and have issued our report thereon dated November 2, 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 Richardson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richardson County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

County Board's Response: We are aware of this concern and understand that it is at times impossible for proper segregation of duties due to limited staff. It is correct to say that funds are also limited to hire more staffing to separate these duties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Richardson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

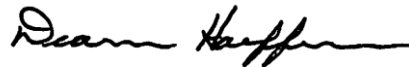
We also noted certain matters that we reported to the management of Richardson County in a separate letter dated November 2, 2020.

Richardson County's Response to Findings

Richardson County's response to the findings identified in our audit is described above. Richardson County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

November 2, 2020



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 2, 2020

Board of Commissioners
Richardson County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Richardson County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated November 2, 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 ATTORNEY

Excess Balance

As of June 30, 2020, the County Attorney had an unknown trust balance of \$319. The County Attorney could not identify the proper recipient(s) of these funds. As of June 30, 2019, the County Attorney had an unknown trust balance of \$207; therefore, the unknown balance increased by \$112 during fiscal year 2020.

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

Without such procedures, there is an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Attorney implement procedures for reviewing, at least monthly, office assets. Those same procedures should provide for remitting any balance that cannot be accounted for to the County Treasurer or State Treasurer, as appropriate.

COUNTY BOARD

Publishing of Meeting Minutes

Neb. Rev. Stat. § 23-122 (Reissue 2012) requires the County Board (Board) to publish, within 10 working days after the close of each meeting, "a brief statement of the proceedings thereof." Such statement must include "the amount of each claim allowed, the purpose of the claim, and the name of the claimant."

During the audit, we tested five Board meeting minute publications and noted that none was published within the required 10 days. This appears to have been due to a lack of correlation between the timing of Board meetings and the publication of the local weekly newspaper. The meeting minutes were published in 11 working days for four meetings tested and in 16 days for the remaining meeting tested.

Good internal controls require procedures to ensure that the Board publishes the required information within 10 working days of its meeting, as mandated by State statute.

Without such procedures, there is an increased risk of failure not only to comply with § 23-122 but also to provide the public with timely notice of the Board's activities.

We recommend the Board implement procedures to ensure publication of a brief statement of its proceedings within 10 working days after the close of a meeting.

County Board's Response: The Falls City Journal publishes once a week and at different times it is not possible to achieve this requirement due to holidays and at times the newspaper does not have the space available to print the item that week. The County Board Minutes and all legal publications are also posted on the Richardson County website. A draft report of the meeting minutes are provided to the media by the end of the week to use in their next week's publication as a news release.

Legislation needs to be passed to allow either more time for publication or to approve the posting of the legal notice on a website as a legal publication in addition to the newspaper legal publication.

COUNTY EMERGENCY MANAGER

Petty Cash Procedures

We noted the following concerns regarding the County Emergency Manager's petty cash procedures:

- The County Emergency Manager did not periodically reconcile the petty cash fund to the authorized amount of \$1,000. As of June 30, 2020, the balance in the petty cash fund was \$817. The County Emergency Manager was unable to identify the unreimbursed payments responsible for the \$183 difference.
- The County Emergency Manager maintains a spreadsheet to track both petty cash purchases and reimbursement claims received. We noted that one transaction for \$53 was recorded on the petty cash spreadsheet, but the payment was never issued from the bank account. We also noted five payments, totaling \$219, issued from the bank account that were not recorded on the petty cash spreadsheet. Finally, we noted one payment that posted to the bank account for \$108, but it was recorded on the petty cash spreadsheet for \$101. These errors likely contributed to the unknown variance of \$183 discussed above.

Good internal controls and sound business practices require procedures to ensure that petty cash activity is recorded accurately. Those same procedures should ensure also that the Petty Cash Fund is reconciled, at least monthly, to the authorized amount, and any variances noted are corrected in a timely manner.

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

We recommend the County Emergency Manager implement procedures to ensure petty cash activity is recorded accurately. Those same procedures should ensure also the Petty Cash Fund is reconciled, at least monthly, to the authorized amount, and any variances noted are corrected in a timely manner.

COUNTY JUVENILE DIVERSION

Diversion Procedures

We noted the following regarding the County's procedures for juvenile diversion:

- The two individuals responsible for administering the diversion program were paid a flat dollar amount each month, based on a contract. No timesheet or other supporting documentation was completed to support actual hours worked on the grant, as required by the grant award.
- During fiscal year 2020, \$1,800 of diversion fees received in cash were deposited into three different bank accounts, none of which were opened under the County's Federal tax identification number (FTIN).

Section 3(e) of the grant award document says the following:

The subgrantee will maintain time records to clearly document the hourly activity of each grant funded or match funded position to show the actual percentage of time charged to the funding source. Records will be maintained by the subgrantee to document any differences between budgeted and actual state and match personnel grant costs. Timesheets for grant funded positions should include the signature of the employee and their supervisor.

Good internal controls require procedures to ensure that all cash received is deposited to a bank account opened under the County's FTIN. Those same procedures should ensure also that the County complies with all grant award requirements, including those for documenting time worked.

Without such procedures, there is an increased risk for the loss or misuse of funds, as well as the suspension of grant funding.

We recommend procedures be implemented to ensure all grant requirements are adhered to, including completing detailed timesheets, or other documentation to support actual hours spent on grant activities. We further recommend that all diversion fees be deposited into a bank account opened under the County's FTIN.

COUNTY SHERIFF

Balancing Procedures

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

- A reconciliation of office assets to office liabilities was not performed. At June 30, 2020, office records indicated that office assets (e.g., cash on hand, reconciled bank balance, accounts receivable, etc.) exceeded office liabilities (e.g., fees, trust accounts, accounts payable, etc.), resulting in an unexplained cash long of \$2,042 in the operating account and \$765 in the commissary account.
- Grant funds of \$1,756 received in February 2018 and \$2,996 received in September 2019 had not been remitted to the County Treasurer as of June 30, 2020.
- We noted that the following bank charges were withdrawn from the commissary bank account over the past several years, but they were not submitted to the Board for reimbursement as of June 30, 2020. Additionally, a check purchase of \$205 in the operating bank account in September 2019 was not submitted for reimbursement. All funds in the operating and commissary bank accounts were owed to specific parties. Therefore, it is necessary to submit bank charges and check purchases for reimbursement to the County.

Fiscal Year Incurred	Amount
2017	\$ 231
2018	422
2019	91
2020	331
Total	\$ 1,075

- The County Sheriff was unable to provide documentation to support the amount of cash on hand in the County Sheriff’s office as of June 30, 2020.

A similar comment has been included in prior reports; however, prior year discrepancies have not been corrected, contributing to the balancing issues.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) requires the County Treasurer to receive all money belonging to the County and to disburse those funds only upon approval from the Board.

In addition, good internal controls require procedures to ensure the following: 1) complete and accurate financial records are maintained; 2) monthly balancing procedures are performed, including bank reconciliations and office asset-to-liability reconciliations; 3) transactions and balances recorded in the accounting records are reviewed, and any monies received are remitted timely to the County Treasurer; and 4) any bank or check charges incurred are submitted timely to the Board for reimbursement.

Without such procedures, there is an increased risk for not only noncompliance with State statute but also errors or irregularities being allowed to occur and remain undetected, further increasing the risk for loss or misuse of funds.

We recommend the County Sheriff implement procedures to ensure the following:
 1) complete and accurate financial records are maintained; 2) monthly balancing procedures are performed, including bank reconciliations and office asset-to-liability reconciliations; 3) transactions and balances recorded in the accounting records are reviewed, and any monies received are remitted timely to the County Treasurer; and 4) any bank or check charges incurred are submitted timely to the Board for reimbursement.

Petty Cash Procedures

The County Sheriff was authorized a petty cash balance of \$3,000. Of this authorized amount, \$2,700 was held in a separate bank account used solely for petty cash expense purposes. At June 30, 2020, this petty cash account was long by \$270. This long is the result of the County Sheriff not completing accurate monthly reconciliations.

Additionally, we noted that one petty cash reimbursement claim tested included a fuel purchase of \$60 that was not supported by a receipt or other documentation.

A similar issue was noted in the prior audit.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) gives the Board the sole authority to establish petty cash funds “for the purpose of making payments for subsidiary general operational expenditures and purchases.”

Furthermore, good internal controls require procedures to ensure that all petty cash funds are maintained at the authorized amount, and reimbursement requests are supported by detailed documentation.

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

We recommend the County Sheriff implement procedures to ensure petty cash funds are reconciled to, and maintained at, the amount authorized by the Board, and all reimbursement requests are supported by detailed documentation.

Prisoner Lodging Contract

During our audit, we tested two prisoner lodging receipts, totaling \$9,020, and noted that the County Sheriff did not either have a contract on file to support the rate charged or documentation that the fee rate was approved by the County Board. Prisoner lodging receipts totaled \$55,549 during fiscal year 2020.

A similar issue was noted in the prior audit.

Per Neb. Rev. Stat. § 23-106(1) (Reissue 2012), the Board is responsible for managing County funds and business.

In addition, good internal controls and sound business practices require procedures to ensure that the Board sets all County fees, and written contracts support any rates charged for County services.

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

We recommend written contracts be entered into with all entities whose inmates are housed by the County and such contracts be approved by the County Board.

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 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 issue was noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

County Board's Response: We are aware of this concern and understand that it is at times impossible for proper segregation of duties due to limited staff. It is correct to say that funds are also limited to hire more staffing to separate these duties.

County Board's Overall Response: We have also reviewed the other comments and recommendations included in your management letter that address matters relating to specific offices and/or departments. We will review these matters with the officials to ascertain that the recommendations you have made will be implemented.

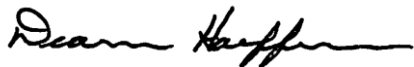
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

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

Sincerely,

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