

**AUDIT REPORT
OF
WEBSTER COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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Issued on April 6, 2020

WEBSTER COUNTY

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WEBSTER COUNTY
621 N Cedar Street
Red Cloud, NE 68970

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Keith Buschow	Jan. 2021
	Lonnie Knehans	Jan. 2023
	Gary Ratzlaff	Jan. 2023
	Trevor Karr	Jan. 2021
	Dan Shipman	Jan. 2023
Assessor	Sonja Krueger	Jan. 2023
Attorney	Sara Brockstadter	Jan. 2023
Clerk	Louise Petsch	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court		
Sheriff	Troy Schmitz	Jan. 2023
Treasurer	Janet Knehans	Jan. 2023
Veterans' Service Officer	Gary Ratzlaff	Appointed
Weed Superintendent	Dennis VanWey	Appointed
Highway Superintendent	Lance Harter	Appointed
Planning and Zoning	Tami Scheuneman	Appointed
Emergency Manager	Ron Sunday	Appointed
Surveyor	Thomas Krueger	Appointed



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WEBSTER COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Webster 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 Webster 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 Webster 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 Webster 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.

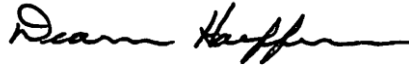
Report on Supplementary Information

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 19-29, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2020, on our consideration of Webster 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 Webster County’s internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

March 24, 2020

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,938,067
TOTAL ASSETS	\$ 2,938,067
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 15,831
Preservation of Records	8,597
Debt Service	192,787
County Museum	79,107
Unrestricted	2,641,745
TOTAL NET POSITION	\$ 2,938,067

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

WEBSTER 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	\$ (1,751,536)	\$ 176,733	\$ 7,669	\$ (1,567,134)
Public Safety	(945,628)	173,599	11,198	(760,831)
Public Works	(2,524,152)	-	1,258,047	(1,266,105)
Public Assistance	(37,780)	-	-	(37,780)
Culture and Recreation	(47,338)	-	-	(47,338)
Debt Payments	(434,983)	-	-	(434,983)
Total Governmental Activities	\$ (5,741,417)	\$ 350,332	\$ 1,276,914	(4,114,171)

General Receipts:

Property Taxes	3,654,615
Grants and Contributions Not Restricted to Specific Programs	358,217
Investment Income	51,079
Licenses and Permits	12,378
Miscellaneous	84,187
Total General Receipts	4,160,476
 Increase in Net Position	 46,305
Net Position - Beginning of year	2,891,762
Net Position - End of year	\$ 2,938,067

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

WEBSTER COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Capital Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 773,167	\$ 679,341	\$ 791,143	\$ 218,571	\$ 475,845	\$ 2,938,067
TOTAL ASSETS	\$ 773,167	\$ 679,341	\$ 791,143	\$ 218,571	\$ 475,845	\$ 2,938,067
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	15,831	15,831
Preservation of Records	-	-	-	-	8,597	8,597
Debt Service	-	-	-	-	192,787	192,787
County Museum	-	-	-	-	79,107	79,107
Committed to:						
Law Enforcement	-	-	-	-	9,005	9,005
Road Maintenance	-	679,341	-	218,571	-	897,912
Aid and Assistance	-	-	-	-	18,834	18,834
Self-Insured Dental	-	-	-	-	93,934	93,934
Noxious Weed Control	-	-	-	-	9,577	9,577
County Ambulance	-	-	-	-	48,173	48,173
Assigned to:						
Other Purposes	-	-	791,143	-	-	791,143
Unassigned	773,167	-	-	-	-	773,167
TOTAL CASH BASIS FUND BALANCES	\$ 773,167	\$ 679,341	\$ 791,143	\$ 218,571	\$ 475,845	\$ 2,938,067

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

WEBSTER 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	Capital Construction Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 3,044,656	\$ -	\$ 220,400	\$ -	\$ 389,559	\$ 3,654,615
Licenses and Permits	12,378	-	-	-	-	12,378
Investment Income	49,531	-	-	-	1,548	51,079
Intergovernmental	335,541	1,043,668	-	214,385	41,537	1,635,131
Charges for Services	269,752	-	-	-	80,580	350,332
Miscellaneous	29,970	25,051	-	1,282	27,884	84,187
TOTAL RECEIPTS	<u>3,741,828</u>	<u>1,068,719</u>	<u>220,400</u>	<u>215,667</u>	<u>541,108</u>	<u>5,787,722</u>
DISBURSEMENTS						
General Government	1,623,524	-	89,302	-	38,710	1,751,536
Public Safety	817,666	-	-	-	127,962	945,628
Public Works	-	1,615,347	-	856,692	52,113	2,524,152
Public Assistance	18,504	-	-	-	19,276	37,780
Culture and Recreation	-	-	-	-	47,338	47,338
Debt Service:						
Principal Payments	-	-	-	-	375,000	375,000
Interest and Fiscal Charges	-	-	-	-	59,983	59,983
TOTAL DISBURSEMENTS	<u>2,459,694</u>	<u>1,615,347</u>	<u>89,302</u>	<u>856,692</u>	<u>720,382</u>	<u>5,741,417</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,282,134</u>	<u>(546,628)</u>	<u>131,098</u>	<u>(641,025)</u>	<u>(179,274)</u>	<u>46,305</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	359,415	780,160	323,000	900,000	115,424	2,477,999
Transfers out	(1,458,961)	(12,291)	(682,415)	(300,000)	(24,332)	(2,477,999)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,099,546)</u>	<u>767,869</u>	<u>(359,415)</u>	<u>600,000</u>	<u>91,092</u>	<u>-</u>
Net Change in Fund Balances	182,588	221,241	(228,317)	(41,025)	(88,182)	46,305
CASH BASIS FUND BALANCES - BEGINNING						
	<u>590,579</u>	<u>458,100</u>	<u>1,019,460</u>	<u>259,596</u>	<u>564,027</u>	<u>2,891,762</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 773,167</u>	<u>\$ 679,341</u>	<u>\$ 791,143</u>	<u>\$ 218,571</u>	<u>\$ 475,845</u>	<u>\$ 2,938,067</u>

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 145,026
 LIABILITIES	
Due to other governments	
State	57,179
Schools	64,695
Educational Service Units	824
Technical College	5,270
Natural Resource Districts	2,229
Fire Districts	843
Municipalities	10,504
Agricultural Society	385
Others	3,097
TOTAL LIABILITIES	145,026
 TOTAL NET ASSETS	 \$ -

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

WEBSTER 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 Webster County.

A. Reporting Entity

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

Joint Organization.

Behavioral Health Region 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 \$8,993 toward the operation of the Region during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities 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.

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.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

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

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

Capital Construction Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges in the County. It is primarily funded by amounts received from the State of Nebraska through the Federal Funds Purchase Program and transfers from the General Fund and Inheritance Fund.

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 and Bridge Bond Fund account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

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.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

D. Assets and Net Position

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

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

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$296,322 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.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

Excess of Disbursements Over Appropriations. For the year ended June 30, 2019, disbursements exceeded budgeted appropriations in the appraiser function of the General Fund by \$49, and in the Bridge Bond and Sheriff's Department Fundraising Funds by \$22,916 and \$7,220, respectively. These over-expenditures were funded by the available fund balance in the General Fund. Excess disbursements in the Bridge Bond Fund were the result of a transfer back to the Inheritance Fund to repay a previous transfer to ensure sufficient funds were available to cover the bond payment due. Excess disbursements in the Sheriff's Department Fundraising Fund were the result of the County creating the fund after the fiscal year 2019 budget was adopted. Therefore, the fund was not included in the original budget, and the County did not amend the budget during the year to account for the newly created fund.

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 \$2,938,067 for County funds and \$145,026 for Fiduciary funds. The bank balances for all funds totaled \$3,078,174. 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 \$.349611/\$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 \$.318082/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) and may be amended through legislative action.

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

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

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

For the year ended June 30, 2019, 63 employees contributed \$73,825, and the County contributed \$110,051. Contributions included \$2,216 in cash contributions towards the supplemental law enforcement plan for nine law enforcement employees. Lastly, the County paid \$498 directly to four 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.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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

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

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

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

6. **Interfund Transfers**

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

	Transfers from					Total
	General Fund	Inheritance Fund	Road Fund	Capital Construction Fund	Nonmajor Funds	
Transfers to						
Road Fund	\$ 780,160	\$ -	\$ -	\$ -	\$ -	\$ 780,160
Inheritance Fund	-	-	-	300,000	23,000	323,000
General Fund	-	359,415	-	-	-	359,415
Capital Construction Fund	600,000	300,000	-	-	-	900,000
Nonmajor Funds	78,801	23,000	12,291	-	1,332	115,424
Total	\$ 1,458,961	\$ 682,415	\$ 12,291	\$ 300,000	\$ 24,332	\$ 2,477,999

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

In the year ended June 30, 2019, the County made a one-time transfer of \$300,000 from the Capital Construction Fund and \$23,000 from the Bridge Bond Fund to the Inheritance Fund to repay previous transfers.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Interfund Transfers** (Concluded)

The County operates a self-insured dental plan. Transfers of \$32,801, \$12,291, and \$1,332 were made to the Self-Insured Dental Fund from the General Fund, Road Fund, and Noxious Weed Fund, respectively, to pay dental plan premiums.

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:

	<u>Motorgraders</u>
Balance July 1, 2018	\$ 419,129
Purchases	-
Payments	106,654
Balance June 30, 2019	<u>\$ 312,475</u>
Future Payments:	
Year	
2020	\$ 82,093
2021	116,470
2022	92,613
2023	34,377
Total Payments	<u>325,553</u>
Less Interest	<u>13,078</u>
Present Value of Future Minimum Lease Payments	<u>\$ 312,475</u>
Carrying Value of the Related Fixed Asset	<u>\$ 828,800</u>

8. **Long-Term Debt**

Hospital Bonds. The County issued bonds on August 15, 2012, in the amount of \$1,615,000 for the purpose of paying the principal and interest on the County's Hospital Refunding Bonds, Series 2009, and paying certain costs of issuing the bonds. The bond payable balance, as of June 30, 2019, was \$565,000. 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	\$ 200,000	\$ 10,253	\$ 210,253
2021	205,000	7,152	212,152
2022	160,000	3,360	163,360
Total Payments	<u>\$ 565,000</u>	<u>\$ 20,765</u>	<u>\$ 585,765</u>

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

8. Long-Term Debt (Concluded)

Bridge Bonds. The County issued bonds on April 24, 2013, in the amount of \$2,700,000 for the purpose of paying the costs of repairing, renovating, and constructing improvements to certain bridges on roads of the County, and paying certain costs of issuing the bonds. The bond payable balance, as of June 30, 2019, was \$1,765,000. 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	\$ 175,000	\$ 45,267	\$ 220,267
2021	180,000	42,205	222,205
2022	185,000	38,605	223,605
2023	190,000	34,535	224,535
2024	195,000	29,975	224,975
2025-2028	840,000	64,123	904,123
Total Payments	<u>\$ 1,765,000</u>	<u>\$ 254,710</u>	<u>\$ 2,019,710</u>

WEBSTER 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	\$ 3,443,900	\$ 3,443,900	\$ 3,044,656	\$ (399,244)
Licenses and Permits	12,500	12,500	12,378	(122)
Interest	35,575	35,575	49,531	13,956
Intergovernmental	158,343	158,343	335,541	177,198
Charges for Services	284,390	284,390	269,752	(14,638)
Miscellaneous	25,000	25,000	29,970	4,970
TOTAL RECEIPTS	<u>3,959,708</u>	<u>3,959,708</u>	<u>3,741,828</u>	<u>(217,880)</u>
DISBURSEMENTS				
General Government:				
County Board	143,635	143,635	129,950	13,685
County Clerk	166,756	166,756	163,235	3,521
County Treasurer	237,388	237,388	227,331	10,057
County Assessor	211,205	211,205	203,547	7,658
Election Commissioner	25,022	35,524	35,523	1
Building and Zoning	11,460	11,460	7,389	4,071
County Appraiser	51,026	51,026	51,075	(49)
Clerk of the District Court	48,136	48,136	48,027	109
County Court System	6,400	6,400	3,477	2,923
District Judge	800	800	8	792
Building and Grounds	639,588	639,588	419,580	220,008
Agricultural Extension Agent	89,158	89,158	81,188	7,970
Miscellaneous	456,113	445,611	253,194	192,417
Public Safety				
County Sheriff	712,492	712,492	663,848	48,644
County Attorney	116,455	116,455	102,685	13,770
County Jail	64,151	64,151	45,471	18,680
Emergency Management	10,441	10,441	5,662	4,779
Public Assistance				
Veterans' Service Officer	18,531	18,531	18,504	27
TOTAL DISBURSEMENTS	<u>3,008,757</u>	<u>3,008,757</u>	<u>2,459,694</u>	<u>549,063</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>950,951</u>	<u>950,951</u>	<u>1,282,134</u>	<u>331,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	901,220	901,220	359,415	(541,805)
Transfers out	(1,426,000)	(1,426,000)	(1,458,961)	(32,961)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(524,780)</u>	<u>(524,780)</u>	<u>(1,099,546)</u>	<u>(574,766)</u>
Net Change in Fund Balance	426,171	426,171	182,588	(243,583)
FUND BALANCE - BEGINNING	<u>590,579</u>	<u>590,579</u>	<u>590,579</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,016,750</u>	<u>\$ 1,016,750</u>	<u>\$ 773,167</u>	<u>\$ (243,583)</u>

WEBSTER 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				
Intergovernmental	\$ 979,006	\$ 979,006	\$ 1,043,668	\$ 64,662
Miscellaneous	16,300	16,300	25,051	8,751
TOTAL RECEIPTS	995,306	995,306	1,068,719	73,413
DISBURSEMENTS	1,865,380	1,865,380	1,615,347	250,033
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(870,074)	(870,074)	(546,628)	323,446
OTHER FINANCING SOURCES (USES)				
Transfers in	980,000	980,000	780,160	(199,840)
Transfers out	(200,000)	(200,000)	(12,291)	187,709
TOTAL OTHER FINANCING SOURCES (USES)	780,000	780,000	767,869	(12,131)
Net Change in Fund Balance	(90,074)	(90,074)	221,241	311,315
FUND BALANCE - BEGINNING	458,100	458,100	458,100	-
FUND BALANCE - ENDING	\$ 368,026	\$ 368,026	\$ 679,341	\$ 311,315
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 169,500	\$ 169,500	\$ 220,400	\$ 50,900
TOTAL RECEIPTS	169,500	169,500	220,400	50,900
DISBURSEMENTS	38,164	38,164	89,302	(51,138)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	131,336	131,336	131,098	(238)
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	323,000	(177,000)
Transfers out	(1,391,220)	(1,391,220)	(682,415)	708,805
TOTAL OTHER FINANCING SOURCES (USES)	(891,220)	(891,220)	(359,415)	531,805
Net Change in Fund Balance	(759,884)	(759,884)	(228,317)	531,567
FUND BALANCE - BEGINNING	1,019,460	1,019,460	1,019,460	-
FUND BALANCE - ENDING	\$ 259,576	\$ 259,576	\$ 791,143	\$ 531,567

(Continued)

WEBSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>CAPITAL CONSTRUCTION FUND</u>				
RECEIPTS				
Intergovernmental	\$ 209,000	\$ 209,000	\$ 214,385	\$ 5,385
Miscellaneous	-	-	1,282	1,282
TOTAL RECEIPTS	<u>209,000</u>	<u>209,000</u>	<u>215,667</u>	<u>6,667</u>
DISBURSEMENTS	<u>1,033,000</u>	<u>1,033,000</u>	<u>856,692</u>	<u>176,308</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(824,000)</u>	<u>(824,000)</u>	<u>(641,025)</u>	<u>182,975</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	900,000	900,000	900,000	-
Transfers out	(300,000)	(300,000)	(300,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balance	(224,000)	(224,000)	(41,025)	182,975
FUND BALANCE - BEGINNING	259,596	259,596	259,596	-
FUND BALANCE - ENDING	<u>\$ 35,596</u>	<u>\$ 35,596</u>	<u>\$ 218,571</u>	<u>\$ 182,975</u>

(Concluded)

WEBSTER 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)
VISITOR'S PROMOTION FUND				
Receipts	\$ 4,200	\$ 4,200	\$ 4,437	\$ 237
Disbursements	(9,500)	(9,500)	(4,812)	4,688
Net Change in Fund Balance	(5,300)	(5,300)	(375)	4,925
Fund Balance - Beginning	9,790	9,790	9,790	-
Fund Balance - Ending	<u>\$ 4,490</u>	<u>\$ 4,490</u>	<u>\$ 9,415</u>	<u>\$ 4,925</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 4,200	\$ 4,200	\$ 4,437	\$ 237
Disbursements	(8,900)	(8,900)	(2,750)	6,150
Net Change in Fund Balance	(4,700)	(4,700)	1,687	6,387
Fund Balance - Beginning	4,729	4,729	4,729	-
Fund Balance - Ending	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 6,416</u>	<u>\$ 6,387</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,200	\$ 3,200	\$ 2,927	\$ (273)
Disbursements	(1,700)	(1,700)	(1,409)	291
Net Change in Fund Balance	1,500	1,500	1,518	18
Fund Balance - Beginning	7,079	7,079	7,079	-
Fund Balance - Ending	<u>\$ 8,579</u>	<u>\$ 8,579</u>	<u>\$ 8,597</u>	<u>\$ 18</u>
SELF INSURED DENTAL FUND				
Receipts	\$ 46,000	\$ 46,000	\$ 999	\$ (45,001)
Disbursements	(40,000)	(40,000)	(37,301)	2,699
Transfers in	-	-	46,424	46,424
Transfers out	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	(14,000)	(14,000)	10,122	24,122
Fund Balance - Beginning	83,812	83,812	83,812	-
Fund Balance - Ending	<u>\$ 69,812</u>	<u>\$ 69,812</u>	<u>\$ 93,934</u>	<u>\$ 24,122</u>
COUNTY RELIEF FUND				
Receipts	\$ 4	\$ 4	\$ 4	\$ -
Disbursements	(17,200)	(19,276)	(19,276)	-
Transfers in	10,000	10,000	-	(10,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(7,196)	(9,272)	(19,272)	(10,000)
Fund Balance - Beginning	34,636	34,636	34,636	-
Fund Balance - Ending	<u>\$ 27,440</u>	<u>\$ 25,364</u>	<u>\$ 15,364</u>	<u>\$ (10,000)</u>

(Continued)

WEBSTER 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	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,400)	(3,400)	-	3,400
Net Change in Fund Balance	(3,400)	(3,400)	-	3,400
Fund Balance - Beginning	3,470	3,470	3,470	-
Fund Balance - Ending	<u>\$ 70</u>	<u>\$ 70</u>	<u>\$ 3,470</u>	<u>\$ 3,400</u>
DIVERSION PROGRAM FUND				
Receipts	\$ 2,250	\$ 2,250	\$ 525	\$ (1,725)
Disbursements	(2,500)	(2,500)	(453)	2,047
Net Change in Fund Balance	(250)	(250)	72	322
Fund Balance - Beginning	3,410	3,410	3,410	-
Fund Balance - Ending	<u>\$ 3,160</u>	<u>\$ 3,160</u>	<u>\$ 3,482</u>	<u>\$ 322</u>
NOXIOUS WEED FUND				
Receipts	\$ 50,325	\$ 50,325	\$ 270	\$ (50,055)
Disbursements	(107,186)	(107,186)	(52,113)	55,073
Transfers in	46,000	46,000	46,000	-
Transfers out	-	-	(1,332)	(1,332)
Net Change in Fund Balance	(10,861)	(10,861)	(7,175)	3,686
Fund Balance - Beginning	16,752	16,752	16,752	-
Fund Balance - Ending	<u>\$ 5,891</u>	<u>\$ 5,891</u>	<u>\$ 9,577</u>	<u>\$ 3,686</u>
COUNTY MUSEUM FUND				
Receipts	\$ 46,385	\$ 46,385	\$ 42,318	\$ (4,067)
Disbursements	(42,000)	(42,000)	(39,776)	2,224
Net Change in Fund Balance	4,385	4,385	2,542	(1,843)
Fund Balance - Beginning	6,776	6,776	76,565	-
Fund Balance - Ending	<u>\$ 11,161</u>	<u>\$ 11,161</u>	<u>\$ 79,107</u>	<u>\$ (1,843)</u>
AMBULANCE FUND				
Receipts	\$ 81,850	\$ 81,850	\$ 91,968	\$ 10,118
Disbursements	(137,550)	(137,550)	(120,289)	17,261
Net Change in Fund Balance	(55,700)	(55,700)	(28,321)	27,379
Fund Balance - Beginning	76,494	76,494	76,494	-
Fund Balance - Ending	<u>\$ 20,794</u>	<u>\$ 20,794</u>	<u>\$ 48,173</u>	<u>\$ 27,379</u>

(Continued)

WEBSTER 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)
HOSPITAL BOND FUND				
Receipts	\$ 182,460	\$ 182,460	\$ 184,842	\$ 2,382
Disbursements	(212,127)	(212,127)	(211,738)	389
Net Change in Fund Balance	(29,667)	(29,667)	(26,896)	2,771
Fund Balance - Beginning	172,769	172,769	172,769	-
Fund Balance - Ending	<u>\$ 143,102</u>	<u>\$ 143,102</u>	<u>\$ 145,873</u>	<u>\$ 2,771</u>
BRIDGE BOND FUND				
Receipts	\$ 192,905	\$ 192,905	\$ 195,638	\$ 2,733
Disbursements	(223,329)	(223,329)	(223,245)	84
Transfers in	-	-	23,000	23,000
Transfers out	-	-	(23,000)	(23,000)
Net Change in Fund Balance	(30,424)	(30,424)	(27,607)	2,817
Fund Balance - Beginning	74,521	74,521	74,521	-
Fund Balance - Ending	<u>\$ 44,097</u>	<u>\$ 44,097</u>	<u>\$ 46,914</u>	<u>\$ 2,817</u>
SHERIFF'S DEPARTMENT FUNDRAISING FUND				
Receipts	\$ -	\$ -	\$ 12,743	\$ 12,743
Disbursements	-	-	(7,220)	(7,220)
Net Change in Fund Balance	-	-	5,523	5,523
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,523</u>	<u>\$ 5,523</u>

(Concluded)

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

	Visitor's Promotion Fund	Visitor's Improvement Fund	Preservation and Modernization Fund	Self Insured Dental Fund	County Relief Fund
RECEIPTS					
Property Taxes	\$ 4,437	\$ 4,437	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	4
Charges for Services	-	-	2,927	-	-
Miscellaneous	-	-	-	999	-
TOTAL RECEIPTS	<u>4,437</u>	<u>4,437</u>	<u>2,927</u>	<u>999</u>	<u>4</u>
DISBURSEMENTS					
General Government	-	-	1,409	37,301	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	19,276
Culture and Recreation	4,812	2,750	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>4,812</u>	<u>2,750</u>	<u>1,409</u>	<u>37,301</u>	<u>19,276</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(375)</u>	<u>1,687</u>	<u>1,518</u>	<u>(36,302)</u>	<u>(19,272)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	46,424	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,424</u>	<u>-</u>
Net Change in Fund Balances	(375)	1,687	1,518	10,122	(19,272)
FUND BALANCES - BEGINNING	<u>9,790</u>	<u>4,729</u>	<u>7,079</u>	<u>83,812</u>	<u>34,636</u>
FUND BALANCES - ENDING	<u>\$ 9,415</u>	<u>\$ 6,416</u>	<u>\$ 8,597</u>	<u>\$ 93,934</u>	<u>\$ 15,364</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	9,415	6,416	-	-	-
Preservation of Records	-	-	8,597	-	-
Debt Service	-	-	-	-	-
County Museum	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	15,364
Self-Insured Dental	-	-	-	93,934	-
Noxious Weed Control	-	-	-	-	-
County Ambulance	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 9,415</u>	<u>\$ 6,416</u>	<u>\$ 8,597</u>	<u>\$ 93,934</u>	<u>\$ 15,364</u>

(Continued)

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

	Veteran's Aid Fund	Diversion Program Fund	Noxious Weed Fund	County Museum Fund	Ambulance Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 35,962	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	3,824	-
Charges for Services	-	525	-	-	77,128
Miscellaneous	-	-	270	2,532	14,840
TOTAL RECEIPTS	<u>-</u>	<u>525</u>	<u>270</u>	<u>42,318</u>	<u>91,968</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	453	-	-	120,289
Public Works	-	-	52,113	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	39,776	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>453</u>	<u>52,113</u>	<u>39,776</u>	<u>120,289</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>72</u>	<u>(51,843)</u>	<u>2,542</u>	<u>(28,321)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	46,000	-	-
Transfers out	-	-	(1,332)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>44,668</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	72	(7,175)	2,542	(28,321)
FUND BALANCES - BEGINNING	<u>3,470</u>	<u>3,410</u>	<u>16,752</u>	<u>76,565</u>	<u>76,494</u>
FUND BALANCES - ENDING	<u>\$ 3,470</u>	<u>\$ 3,482</u>	<u>\$ 9,577</u>	<u>\$ 79,107</u>	<u>\$ 48,173</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
County Museum	-	-	-	79,107	-
Committed to:					
Law Enforcement	-	3,482	-	-	-
Aid and Assistance	3,470	-	-	-	-
Self-Insured Dental	-	-	-	-	-
Noxious Weed Control	-	-	9,577	-	-
County Ambulance	-	-	-	-	48,173
TOTAL FUND BALANCES	<u>\$ 3,470</u>	<u>\$ 3,482</u>	<u>\$ 9,577</u>	<u>\$ 79,107</u>	<u>\$ 48,173</u>

(Continued)

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

	Hospital Bond Fund	Bridge Bond Fund	Sheriff's Department Fundraising Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 167,453	\$ 177,270	\$ -	\$ 389,559
Investment Income	748	800	-	1,548
Intergovernmental	16,641	17,568	3,500	41,537
Charges for Services	-	-	-	80,580
Miscellaneous	-	-	9,243	27,884
TOTAL RECEIPTS	<u>184,842</u>	<u>195,638</u>	<u>12,743</u>	<u>541,108</u>
DISBURSEMENTS				
General Government	-	-	-	38,710
Public Safety	-	-	7,220	127,962
Public Works	-	-	-	52,113
Public Assistance	-	-	-	19,276
Culture and Recreation	-	-	-	47,338
Debt Service:				
Principal Payments	200,000	175,000	-	375,000
Interest and Fiscal Charges	11,738	48,245	-	59,983
TOTAL DISBURSEMENTS	<u>211,738</u>	<u>223,245</u>	<u>7,220</u>	<u>720,382</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(26,896)</u>	<u>(27,607)</u>	<u>5,523</u>	<u>(179,274)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	23,000	-	115,424
Transfers out	-	(23,000)	-	(24,332)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,092</u>
Net Change in Fund Balances	(26,896)	(27,607)	5,523	(88,182)
FUND BALANCES - BEGINNING	<u>172,769</u>	<u>74,521</u>	<u>-</u>	<u>564,027</u>
FUND BALANCES - ENDING	<u>\$ 145,873</u>	<u>\$ 46,914</u>	<u>\$ 5,523</u>	<u>\$ 475,845</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	15,831
Preservation of Records	-	-	-	8,597
Debt Service	145,873	46,914	-	192,787
County Museum	-	-	-	79,107
Committed to:				
Law Enforcement	-	-	5,523	9,005
Aid and Assistance	-	-	-	18,834
Self-Insured Dental	-	-	-	93,934
Noxious Weed Control	-	-	-	9,577
County Ambulance	-	-	-	48,173
TOTAL FUND BALANCES	<u>\$ 145,873</u>	<u>\$ 46,914</u>	<u>\$ 5,523</u>	<u>\$ 475,845</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	County Museum	Total
BALANCES JULY 1, 2018	\$ 12,222	\$ 42,447	\$ 17,182	\$ -	\$ 2,120	\$ 76,575	\$ 150,546
RECEIPTS							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	1,494	-	440	-	-	-	1,934
Intergovernmental	-	-	-	-	-	40,120	40,120
Charges for Services	167,876	4,722	90,223	-	11,960	1,979	276,760
Miscellaneous	307	-	4,474	77	8,200	21,465	34,523
State Fees	32,509	4,961	-	-	-	-	37,470
Other Liabilities	-	132,944	14,293	-	-	-	147,237
TOTAL RECEIPTS	<u>202,186</u>	<u>142,627</u>	<u>109,430</u>	<u>77</u>	<u>20,160</u>	<u>63,564</u>	<u>538,044</u>
DISBURSEMENTS							
Payments to County Treasurer	118,500	5,423	104,574	-	22,130	-	250,627
Payments to State Treasurer	33,639	4,721	-	-	-	-	38,360
Other Liabilities	-	168,746	16,726	77	-	61,251	246,800
TOTAL DISBURSEMENTS	<u>152,139</u>	<u>178,890</u>	<u>121,300</u>	<u>77</u>	<u>22,130</u>	<u>61,251</u>	<u>535,787</u>
BALANCES JUNE 30, 2019	<u>\$ 62,269</u>	<u>\$ 6,184</u>	<u>\$ 5,312</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 78,888</u>	<u>\$ 152,803</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 61,189	\$ 137	\$ 4,762	\$ -	\$ 150	\$ 78,888	\$ 145,126
Petty Cash	-	-	550	-	-	-	550
Due to State Treasurer	1,080	348	-	-	-	-	1,428
Due to Others	-	5,699	-	-	-	-	5,699
BALANCES JUNE 30, 2019	<u>\$ 62,269</u>	<u>\$ 6,184</u>	<u>\$ 5,312</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 78,888</u>	<u>\$ 152,803</u>

WEBSTER 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	\$ 11,957,468	\$ 13,252,916	\$ 13,012,921	\$ 12,784,589	\$ 13,189,912
Personal and Specials	744,965	663,739	568,411	504,139	454,903
Total	12,702,433	13,916,655	13,581,332	13,288,728	13,644,815
Corrections					
Additions	7,724	20,018	875	6,677	1,321
Deductions	(6,221)	(17,630)	(15,285)	(13,795)	(3,121)
Net Additions/ (Deductions)	1,503	2,388	(14,410)	(7,118)	(1,800)
Corrected Certified Tax	12,703,936	13,919,043	13,566,922	13,281,610	13,643,015
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	8,343,541	-	-	-	-
June 30, 2016	4,343,234	9,198,553	-	-	-
June 30, 2017	11,364	4,703,787	8,772,431	-	-
June 30, 2018	4,771	13,238	4,781,041	8,654,464	-
June 30, 2019	900	1,256	9,850	4,617,755	8,747,931
Total Net Collections	12,703,810	13,916,834	13,563,322	13,272,219	8,747,931
Total Uncollected Tax	\$ 126	\$ 2,209	\$ 3,600	\$ 9,391	\$ 4,895,084
Percentage Uncollected Tax	0.00%	0.02%	0.03%	0.07%	35.88%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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WEBSTER 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
Webster 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 Webster County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Webster County's basic financial statements, and have issued our report thereon dated March 24, 2020. 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 Webster County Hospital, a component unit of Webster County.

Internal Control Over Financial Reporting

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

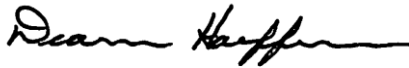
We also noted certain matters that we reported to the management of Webster County in a separate letter dated March 24, 2020.

Webster County's Response to Findings

Webster 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

March 24, 2020



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 24, 2020

Board of Commissioners
Webster County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Webster County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated March 24, 2020. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY BOARD

Expenditures in Excess of Budget

We noted that the disbursements exceeded the adopted budget in the following funds and/or functions:

Fund – Function	Amount Exceeded
General Fund – Appraiser Function	\$ 49
Bridge Bond Fund	\$ 22,916
Sheriff's Department Fundraising Fund	\$ 7,220

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

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

When expenditures are made in excess of the amounts budgeted, with no appropriation adjustments by the County Board to address those additional expenses, the County is not in compliance with State statute.

We recommend the County implement procedures to monitor closely its budget status on an ongoing basis to avoid incurring expenses in excess of the amount budgeted.

Duplicate Payments

We reviewed four pairs of claims that appeared to be duplicate payments; three of the four tested were duplicate payments. All were claims submitted by the Webster County Highway Department. The duplicate payments noted are detailed in the following table:

Payee	Duplicate Amount	Original Claim		Duplicate Claim	
		Date	Claim #	Date	Claim #
C & D Service Center	\$ 24	8/21/2018	18080167	9/18/2018	18090122
C & D Service Center	\$ 32	3/5/2019	19030049	3/19/2019	19030129
Fleetpride	\$ 174	2/5/2019	19020060	2/19/2019	19020152
Total	\$ 230				

As of audit fieldwork in March 2020, the County could not provide documentation that a credit or refund had been received for these duplicate payments.

Good internal controls and sound business practices require procedures for reviewing all claims prior to approval to ensure they are not duplicate payments.

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

We recommend the County Board implement procedures to ensure all claims are reviewed prior to approval to ensure they are not duplicate payments.

Payroll Procedures

During our testing of payroll, we noted the following issues:

- The Highway Superintendent was allowed to use a County-owned vehicle to commute to and from work; however, \$3 per day was not added to his taxable income, as required by IRS regulations.
- Two employees improperly contributed a total of \$66 to the supplemental law enforcement retirement plan, which was matched at 100% by the County. To be eligible, employees must possess a valid law enforcement officer certificate; however, neither of these employees possessed such certificate at the time of the improper contributions.
- The County Board is not receiving and reviewing paid leave usage and balances for all employees to ensure that applicable County policies are being followed.
- Three employees tested were granted the full year's vacation and sick leave accruals at the beginning of the year, rather than earning them on a weekly basis, as required by the County's Employee Manual.
- For one of five employees tested, the County did not use the correct payroll period in the calculation of Federal and State income tax withholdings. County employees were paid monthly; however, semi-monthly was used in the calculation. This resulted in an additional \$154 being withheld for the pay period tested.

According to IRS Publication 15-B, "Employer's Guide to Fringe Benefits," the value of an employer's vehicle provided to an employee to be used for business purposes is calculated by the miles for each one-way commute (that is, from home to work or from work to home) by \$1.50.

Neb. Rev. Stat. § 23-2332.01 (Reissue 2012) states, in part, counties "shall establish and fund a supplemental retirement plan for the benefit of all present and future commissioned law enforcement personnel employed by such county who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council."

Per the County's Employee Manual:

Employees shall be credited with vacation leave on a weekly basis at the rate of one-fifty second (1/52) of the total vacation allotted for the year Employees shall be credited with sick leave on a weekly basis at the rate of one-fifty second (1/52) of the total sick leave allotted for the year.

Good internal controls require procedures to ensure the following: 1) an employee's use of a County-owned vehicle is included as a taxable benefit; 2) employee contributions to the supplemental law enforcement retirement plan are appropriate; 3) the County Board receives and reviews paid leave usage and balances; 4) paid leave accruals are in accordance with County policy; and 5) the correct payroll period is used in the calculation of Federal and State income tax withholdings.

Without such procedures, there is an increased risk that employees' payroll will not be in accordance with IRS regulations, State statute, and/or the County's own policies, further increasing the risk for the loss or misuse of County funds.

We recommend the County Board implement procedures to ensure 1) \$3 per day is added as taxable income when an employee uses a County-owned vehicle to commute to work; 2) contributions to the supplemental law enforcement retirement plan are appropriate; 3) the County Board receives and reviews paid leave usage and accrual documentation, and such leave accruals are in accordance with County policies; and 4) the correct payroll period is used in the calculation of Federal and State income tax withholdings.

CASA Payments

During fiscal year 2019, we noted that claim 18090068, dated September 18, 2018, paid the Court Assigned Special Advocate (CASA) \$3,000 from the County's General Fund. Documentation supporting how these funds were used by CASA was not obtained and reviewed.

Good internal controls and sound business practice 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 for loss or misuse of County funds.

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

Audit Report Publication

The County Board did not publish the release of the fiscal year 2018 audit report, as required by Neb. Rev. Stat. § 23-1608(1) (Reissue 2012). The statute provides, in relevant part, "Each county board shall cause an examination and a complete and comprehensive annual audit to be made of the books, accounts, records, and affairs of all county officers in the county."

Subsection (2) of that same statute adds, "The county board shall cause to be published in the same manner as the proceedings of the county board a brief statement disclosing the conclusion of the examination and audit and that such audit report is on file with the county clerk."

Neb. Rev. Stat. § 23-122 (Reissue 2012) states, in part, the following:

The county board of all counties having a population of less than one hundred fifty thousand inhabitants shall cause to be published, within ten working days after the close of each annual, regular, or special meeting of the board, a brief statement of the proceedings thereof. . . .

Failure to comply with § 23-1608(2) by not publishing timely the required statement regarding a recently released audit report, increases the risk of a lack of transparency and/or accountability to the taxpayers and the general public alike.

We recommend the County Board ensure compliance with § 23-1608(2) by publishing the required statement within 10 days after the release of an annual audit report.

COUNTY CLERK

Office Procedures

We noted the following regarding the County Clerk's financial recordkeeping and balancing procedures:

- Office records indicated a long of \$193 at June 30, 2019. The office lacked monthly balancing procedures to ensure office assets (reconciled bank balance, cash on hand, and accounts receivable) were in agreement with office liabilities (unremitted fee collections and trust balances).
- The ending accounts receivable balance noted by the County Clerk for ambulance billings was not accurate. We calculated the accounts receivable balance as of June 30, 2019, as \$50,802; however, the balance as noted in the County Clerk's records was \$50,286. The variance of \$516 appears to be due to collection on previously written-off accounts that were not adjusted for in the County Clerk's records.

A good internal control plan and sound business practice require procedures to ensure office assets are in agreement with office liabilities at all times, and any variances are identified and resolved in a timely manner. Such procedures should also ensure accounts receivable records are accurate.

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

We recommend the County Clerk implement monthly financial reconciliation and balancing procedures to ensure office assets are in agreement with office liabilities at all times, and any variances noted are identified and resolved in a timely manner. We further recommend procedures are implemented to ensure accounts receivable activity and balances are properly recorded.

Vendor Imprest Account Collateral

During our audit, we noted that the vendor imprest bank account was not protected fully by sufficient pledged securities, as required by Neb. Rev. Stat. § 77-2395(1) (Reissue 2018). We noted that the account was under collateralized for 30 days, in amounts ranging from \$10,125 to \$359,262.

That statute provides, in relevant part, the following:

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

Additionally, good internal controls require procedures to ensure the County's deposits are adequately collateralized at all times during the year.

Without such procedures, the County is not in compliance with State statute, further increasing the risk for loss of funds should the financial institution holding the County's deposits fail.

We recommend the County Clerk implement procedures to monitor closely the balance in the vendor imprest bank account and the amount of pledged securities, to ensure the account is fully collateralized at all times.

Refund Not Deposited Timely

During our audit, we noted claim 18070019, dated July 3, 2018, to Quill Corporation, included a \$305 payment that actually should have been issued to Thomson Reuters. Quill Corporation identified this overpayment and issued the County a refund in February 2019. However, as of audit fieldwork in March 2020, this check was still on hand in the County Clerk’s office and had not been deposited with the County Treasurer.

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

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her.

Additionally, good internal controls require procedures to ensure that all reimbursement checks received in the County Clerk’s office are deposited with the County Treasurer timely.

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

We recommend the County Clerk implement procedures to ensure all reimbursement checks received in the Clerk’s office are deposited timely with the County Treasurer.

Certification of Unpaid Claims

The County Clerk did not certify unpaid claims to the County Treasurer as of June 15 and December 15 annually.

Neb. Rev. Stat. § 23-1302(4) (Reissue 2012) states, in relevant part, “[T]he county clerk shall certify to the County Treasurer as of June 15 and December 15 of each year the total amount of unpaid claims of the county. . . .”

When unpaid claims are not certified to the County Treasurer as of June 15 and December 15 annually, the County Clerk is not in compliance with State statute.

We recommend the County Clerk ensure unpaid claims are certified to the County Treasurer as required by statute.

COUNTY CLERK OF THE DISTRICT COURT

Monthly Report Review

During our audit, we noted that the District Court was not adequately reviewing the monthly Overdue Case Account Report. We tested seven balances that were overdue to the District Court, noting that five balances, totaling \$375, did not have subsequent action taken to ensure collection and/or resolution thereof.

As of March 6, 2020, the report contained 21 overdue balances, totaling \$15,783, related to criminal cases. Only two cases had a current warrant issued. The following table summarizes the overdue amounts by year for criminal cases:

Year Case Filed	Number of Cases	Amount
2001	1	\$ 10.00
2003	1	\$ 52.00
2013	3	\$ 2,014.00
2014	4	\$ 2,382.00
2015	4	\$ 3,325.00
2016	3	\$ 1,906.00
2017	1	\$ 30.00
2018	1	\$ 300.00
2019	2	\$ 2,134.00
2020	1	\$ 3,630.00
Total	21	\$ 15,783.00

Additionally, the report included 29 overdue balances, totaling \$1,346, that were related to civil cases. During discussions with the District Court, these balances had been previously collected, but the accounting system was still erroneously showing the balances as owed. Adequate follow-up procedures were not performed to correct the accounting system error, allowing the collected balances to continue being shown erroneously as still outstanding.

Good internal controls and sound business practices require procedures to ensure that an ongoing, timely review of the monthly Overdue Case Account Report occurs, which is necessary for a determination to be made as to what action should be taken to collect, or otherwise resolve, any overdue balances listed therein.

Without such procedures, there is an increased risk that balances listed in the Overdue Case Account Report may either not have proper follow-up action taken timely, resulting in the District Court not collecting all funds owed to it, or have been previously resolved and should no longer be reflected as overdue in the accounting system.

We recommend the District Court implement an ongoing, timely review of the Overdue Case Account Report to ensure the timely collection and/or resolution of the balances listed therein.

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.

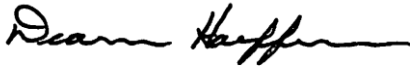
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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. 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 cursive script that reads "Deann Haeffner". The signature is written in black ink and is positioned above the typed name.

Deann Haeffner, CPA
Assistant Deputy Auditor