

**AUDIT REPORT
OF
HARLAN COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on February 10, 2021

HARLAN COUNTY

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

LIST OF COUNTY OFFICIALS
At June 30, 2020

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



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HARLAN COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Harlan County, Nebraska

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Harlan County, as of June 30, 2020, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Harlan County, as of June 30, 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 17-33, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of Harlan County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Harlan County’s internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

February 2, 2021

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,545,017
TOTAL ASSETS	\$ 2,545,017
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 28,138
911 Emergency Services	7,838
Drug Education	1,430
Preservation of Records	3,092
Debt Service	428,171
Road and Bridge Maintenance	155,515
Unrestricted	1,920,833
TOTAL NET POSITION	\$ 2,545,017

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

HARLAN COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 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	\$ (1,316,190)	\$ 204,362	\$ 188,490	\$ (923,338)
Public Safety	(757,609)	114,131	896	(642,582)
Public Works	(1,942,954)	4,401	1,306,468	(632,085)
Public Assistance	(8,757)	-	-	(8,757)
Culture and Recreation	(6,971)	-	-	(6,971)
Debt Payments	(408,598)	-	-	(408,598)
Total Governmental Activities	\$ (4,441,079)	\$ 322,894	\$ 1,495,854	(2,622,331)

General Receipts:

Property Taxes	2,267,222
Grants and Contributions Not Restricted to Specific Programs	292,147
Investment Income	13,590
Licenses and Permits	29,924
Bond Reimbursements	408,598
Miscellaneous	53,464
Total General Receipts	3,064,945
 Increase in Net Position	 442,614
Net Position - Beginning of year	2,102,403
Net Position - End of year	\$ 2,545,017

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

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

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Hospital Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 723,205	\$ 65,266	\$ 862,862	\$ 428,171	\$ 465,513	\$ 2,545,017
TOTAL ASSETS	<u>\$ 723,205</u>	<u>\$ 65,266</u>	<u>\$ 862,862</u>	<u>\$ 428,171</u>	<u>\$ 465,513</u>	<u>\$ 2,545,017</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	28,138	28,138
911 Emergency Services	-	-	-	-	7,838	7,838
Drug Education	-	-	-	-	1,430	1,430
Preservation of Records	-	-	-	-	3,092	3,092
Debt Service	-	-	-	428,171	-	428,171
Road and Bridge Maintenance	-	-	-	-	155,515	155,515
Committed to:						
Law Enforcement	-	-	-	-	19,724	19,724
Road and Bridge Maintenance	-	65,266	-	-	158,001	223,267
Aid and Assistance	-	-	-	-	28,330	28,330
County Buildings	-	-	-	-	17,638	17,638
Equipment Purchases	-	-	-	-	22,368	22,368
Property Reappraisal	-	-	-	-	10,191	10,191
Community Projects	-	-	-	-	13,172	13,172
Historical Society	-	-	-	-	76	76
Assigned to:						
Other Purposes	-	-	862,862	-	-	862,862
Unassigned	723,205	-	-	-	-	723,205
TOTAL CASH BASIS FUND BALANCES	<u>\$ 723,205</u>	<u>\$ 65,266</u>	<u>\$ 862,862</u>	<u>\$ 428,171</u>	<u>\$ 465,513</u>	<u>\$ 2,545,017</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 1,880,834	\$ -	\$ 99,798	\$ 261,355	\$ 25,235	\$ 2,267,222
Licenses and Permits	19,104	10,820	-	-	-	29,924
Investment Income	12,670	-	-	849	71	13,590
Intergovernmental	607,104	1,022,841	-	32,430	125,626	1,788,001
Charges for Services	295,086	4,401	-	-	23,407	322,894
Miscellaneous	39,917	12,957	-	408,604	584	462,062
TOTAL RECEIPTS	<u>2,854,715</u>	<u>1,051,019</u>	<u>99,798</u>	<u>703,238</u>	<u>174,923</u>	<u>4,883,693</u>
DISBURSEMENTS						
General Government	1,201,830	-	139	-	114,221	1,316,190
Public Safety	745,469	-	-	-	12,140	757,609
Public Works	3,340	1,774,002	-	-	165,612	1,942,954
Public Assistance	8,757	-	-	-	-	8,757
Culture and Recreation	-	-	-	-	6,971	6,971
Debt Service:						
Principal Payments	-	-	-	370,000	-	370,000
Interest and Fiscal Charges	-	-	-	38,598	-	38,598
TOTAL DISBURSEMENTS	<u>1,959,396</u>	<u>1,774,002</u>	<u>139</u>	<u>408,598</u>	<u>298,944</u>	<u>4,441,079</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>895,319</u>	<u>(722,983)</u>	<u>99,659</u>	<u>294,640</u>	<u>(124,021)</u>	<u>442,614</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	630,717	-	43,000	234,348	908,065
Transfers out	(617,407)	-	(290,347)	-	(311)	(908,065)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(617,407)</u>	<u>630,717</u>	<u>(290,347)</u>	<u>43,000</u>	<u>234,037</u>	<u>-</u>
Net Change in Fund Balances	277,912	(92,266)	(190,688)	337,640	110,016	442,614
CASH BASIS FUND BALANCES - BEGINNING						
	<u>445,293</u>	<u>157,532</u>	<u>1,053,550</u>	<u>90,531</u>	<u>355,497</u>	<u>2,102,403</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 723,205</u>	<u>\$ 65,266</u>	<u>\$ 862,862</u>	<u>\$ 428,171</u>	<u>\$ 465,513</u>	<u>\$ 2,545,017</u>

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 515,446
 LIABILITIES	
Due to other governments	
State	205,671
Schools	234,700
Educational Service Units	2,871
Technical College	17,836
Natural Resource Districts	25,470
Fire Districts	3,443
Municipalities	23,401
Agricultural Society	1,515
Townships	539
TOTAL LIABILITIES	515,446
 TOTAL NET ASSETS	 \$ -

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

Behavioral Health Region III – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$10,198 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 Two Rivers Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

HARLAN 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) (2020 Neb. Laws, LB 781, § 8). 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.

HARLAN 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.

Hospital Bond Fund. This fund is used to account for tax receipts collected for the payment on the bond debt.

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

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

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

The County designates fund balances as follows:

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

Committed. The fund balance has been designated by the County Board for a specific purpose.

Assigned. The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

HARLAN 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 \$624,184 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.

HARLAN 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.

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 \$2,545,017 for County funds and \$515,446 for Fiduciary funds. The bank balances for all funds totaled \$3,079,513. 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.

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 \$.229529/\$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 \$.204265/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018, Supp. 2019) 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, 2020, 46 employees contributed \$66,201, and the County contributed \$98,273. Contributions included \$2,058 in cash contributions towards the supplemental law enforcement plan for four law enforcement employees. Lastly, the County paid \$773 directly to three retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 98 counties and local governments throughout Nebraska.

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

5. Risk Management (Concluded)

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, 2020, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 406,406	\$ 224,000	\$ 311	\$ 630,717
Hospital Bond Fund	43,000	-	-	43,000
Nonmajor Funds	168,001	66,347	-	234,348
Total	<u>\$ 617,407</u>	<u>\$ 290,347</u>	<u>\$ 311</u>	<u>\$ 908,065</u>

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

7. Long-Term Debt

The County issued bonds in August 2016 in the amount of \$3,690,000 for the purpose of paying off the remaining balance on the 2011 series hospital bonds. The bond payable balance, as of June 30, 2020, was \$2,300,000. 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	\$ 375,000	\$ 34,028	\$ 409,028
2022	370,000	29,527	399,527
2023	380,000	24,718	404,718
2024	390,000	19,397	409,397
2025	385,000	13,353	398,353
2026	400,000	7,000	407,000
Total Payments	<u>\$ 2,300,000</u>	<u>\$ 128,023</u>	<u>\$ 2,428,023</u>

HARLAN 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	\$ 2,150,024	\$ 2,150,024	\$ 1,880,834	\$ (269,190)
Licenses and Permits	14,450	14,450	19,104	4,654
Interest	13,000	13,000	12,670	(330)
Intergovernmental	143,244	143,244	607,104	463,860
Charges for Services	250,500	250,500	295,086	44,586
Miscellaneous	3,176	3,176	39,917	36,741
TOTAL RECEIPTS	<u>2,574,394</u>	<u>2,574,394</u>	<u>2,854,715</u>	<u>280,321</u>
DISBURSEMENTS				
General Government:				
County Board	135,510	135,510	130,844	4,666
County Clerk	144,391	144,391	134,839	9,552
County Treasurer	156,609	156,609	142,916	13,693
County Assessor	148,106	148,106	130,274	17,832
Election Commissioner	32,960	32,960	16,586	16,374
Building and Zoning	10,048	10,048	8,627	1,421
Clerk of the District Court	8,480	8,480	1,951	6,529
County Court System	17,760	17,760	7,419	10,341
Building and Grounds	101,046	101,046	66,005	35,041
Agricultural Extension Agent	93,680	93,680	81,427	12,253
Special Elections	1,850	1,850	1,349	501
Miscellaneous	826,633	826,633	479,593	347,040
Public Safety				
County Sheriff	392,620	392,620	324,194	68,426
County Attorney	152,586	152,586	144,908	7,678
County Jail	198,085	198,085	174,604	23,481
Emergency Management	86,018	86,018	82,571	3,447
Child Support Enforcement	20,154	20,154	19,192	962
Public Works				
County Surveyor	10,000	10,000	3,340	6,660
Public Assistance				
Veterans' Service Officer	14,483	14,483	8,757	5,726
TOTAL DISBURSEMENTS	<u>2,551,019</u>	<u>2,551,019</u>	<u>1,959,396</u>	<u>591,623</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>23,375</u>	<u>23,375</u>	<u>895,319</u>	<u>871,944</u>

(Continued)

HARLAN 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)
OTHER FINANCING SOURCES (USES)				
Transfers in	737,240	737,240	-	(737,240)
Transfers out	(1,172,908)	(1,172,908)	(617,407)	555,501
TOTAL OTHER FINANCING SOURCES (USES)	(435,668)	(435,668)	(617,407)	(181,739)
Net Change in Fund Balance	(412,293)	(412,293)	277,912	690,205
FUND BALANCE - BEGINNING	444,293	444,293	445,293	1,000
FUND BALANCE - ENDING	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 723,205</u>	<u>\$ 691,205</u>

(Concluded)

HARLAN 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	\$ 10,820	\$ 10,320
Intergovernmental	1,005,866	1,005,866	1,022,841	16,975
Charges for Services	-	-	4,401	4,401
Miscellaneous	5,201	5,201	12,957	7,756
TOTAL RECEIPTS	<u>1,011,567</u>	<u>1,011,567</u>	<u>1,051,019</u>	<u>39,452</u>
DISBURSEMENTS	<u>1,979,759</u>	<u>1,979,759</u>	<u>1,774,002</u>	<u>205,757</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(968,192)</u>	<u>(968,192)</u>	<u>(722,983)</u>	<u>245,209</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	860,660	860,660	630,717	(229,943)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>860,660</u>	<u>860,660</u>	<u>630,717</u>	<u>(229,943)</u>
Net Change in Fund Balance	(107,532)	(107,532)	(92,266)	15,266
FUND BALANCE - BEGINNING	157,532	157,532	157,532	-
FUND BALANCE - ENDING	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 65,266</u>	<u>\$ 15,266</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 175,451	\$ 175,451	\$ 99,798	\$ (75,653)
TOTAL RECEIPTS	<u>175,451</u>	<u>175,451</u>	<u>99,798</u>	<u>(75,653)</u>
DISBURSEMENTS	<u>493,142</u>	<u>493,142</u>	<u>139</u>	<u>493,003</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(317,691)</u>	<u>(317,691)</u>	<u>99,659</u>	<u>417,350</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(668,359)	(668,359)	(290,347)	378,012
TOTAL OTHER FINANCING SOURCES (USES)	<u>(668,359)</u>	<u>(668,359)</u>	<u>(290,347)</u>	<u>378,012</u>
Net Change in Fund Balance	(986,050)	(986,050)	(190,688)	795,362
FUND BALANCE - BEGINNING	1,053,550	1,053,550	1,053,550	-
FUND BALANCE - ENDING	<u>\$ 67,500</u>	<u>\$ 67,500</u>	<u>\$ 862,862</u>	<u>\$ 795,362</u>

(Continued)

HARLAN 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)
HOSPITAL BOND FUND				
RECEIPTS				
Taxes	\$ 295,000	\$ 295,000	\$ 261,355	\$ (33,645)
Interest	1,000	1,000	849	(151)
Intergovernmental	2,000	2,000	32,430	30,430
Miscellaneous	178,251	178,251	408,604	230,353
TOTAL RECEIPTS	<u>476,251</u>	<u>476,251</u>	<u>703,238</u>	<u>226,987</u>
DISBURSEMENTS	<u>408,598</u>	<u>408,598</u>	<u>408,598</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>67,653</u>	<u>67,653</u>	<u>294,640</u>	<u>226,987</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	43,000	43,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>43,000</u>
Net Change in Fund Balance	67,653	67,653	337,640	269,987
FUND BALANCE - BEGINNING	90,531	90,531	90,531	-
FUND BALANCE - ENDING	<u>\$ 158,184</u>	<u>\$ 158,184</u>	<u>\$ 428,171</u>	<u>\$ 269,987</u>

(Concluded)

HARLAN 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)
HIGHWAY STREET BUYBACK PROGRAM				
FUND				
Receipts	\$ 85,903	\$ 85,903	\$ 85,903	\$ -
Disbursements	(161,603)	(161,603)	(45,811)	115,792
Net Change in Fund Balance	(75,700)	(75,700)	40,092	115,792
Fund Balance - Beginning	75,700	75,700	75,700	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,792</u>	<u>\$ 115,792</u>
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 39,723	\$ 39,723	\$ 39,723	\$ -
Disbursements	(143,020)	(143,020)	(103,297)	39,723
Net Change in Fund Balance	(103,297)	(103,297)	(63,574)	39,723
Fund Balance - Beginning	103,297	103,297	103,297	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,723</u>	<u>\$ 39,723</u>
ROAD BRIDGE CONSTRUCTION FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(166,290)	(166,290)	(16,299)	149,991
Transfers in	149,990	149,990	158,001	8,011
Net Change in Fund Balance	(16,299)	(16,299)	141,702	158,001
Fund Balance - Beginning	16,299	16,299	16,299	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,001</u>	<u>\$ 158,001</u>
SHERIFF EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers out	(22,156)	(22,156)	-	22,156
Net Change in Fund Balance	(22,156)	(22,156)	-	22,156
Fund Balance - Beginning	22,156	22,156	22,156	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,156</u>	<u>\$ 22,156</u>
HUNTLEY BUILDING SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(90,000)	(90,000)	(80,347)	9,653
Transfers in	76,000	76,000	66,347	(9,653)
Net Change in Fund Balance	(14,000)	(14,000)	(14,000)	-
Fund Balance - Beginning	14,000	14,000	14,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARLAN 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>COURTHOUSE EQUIPMENT SINKING FUND</u>				
Receipts	\$ 1	\$ 1	\$ 1	\$ -
Disbursements	-	-	-	-
Transfers out	(1)	(1)	-	1
Net Change in Fund Balance	-	-	1	1
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

<u>COURTHOUSE IMPROVEMENT SINKING FUND</u>				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(100,000)	(100,000)	(5,376)	94,624
Transfers in	76,985	76,985	-	(76,985)
Net Change in Fund Balance	(23,014)	(23,014)	(5,376)	17,638
Fund Balance - Beginning	23,014	23,014	23,014	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,638</u>	<u>\$ 17,638</u>

<u>ROAD EQUIPMENT SINKING FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers out	(211)	(211)	-	211
Net Change in Fund Balance	(211)	(211)	-	211
Fund Balance - Beginning	211	211	211	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 211</u>

<u>VISITOR PROMOTION FUND</u>				
Receipts	\$ 14,000	\$ 14,000	\$ 15,829	\$ 1,829
Disbursements	(23,735)	(23,735)	(6,971)	16,764
Net Change in Fund Balance	(9,735)	(9,735)	8,858	18,593
Fund Balance - Beginning	19,280	19,280	19,280	-
Fund Balance - Ending	<u>\$ 9,545</u>	<u>\$ 9,545</u>	<u>\$ 28,138</u>	<u>\$ 18,593</u>

<u>REAPPRAISAL FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(10,191)	(10,191)	-	10,191
Transfers in	10,000	10,000	10,000	-
Net Change in Fund Balance	(191)	(191)	10,000	10,191
Fund Balance - Beginning	191	191	191	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,191</u>	<u>\$ 10,191</u>

HARLAN 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)
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,300	\$ 3,300	\$ 3,608	\$ 308
Disbursements	(7,000)	(7,000)	(5,460)	1,540
Net Change in Fund Balance	(3,700)	(3,700)	(1,852)	1,848
Fund Balance - Beginning	4,944	4,944	4,944	-
Fund Balance - Ending	<u>\$ 1,244</u>	<u>\$ 1,244</u>	<u>\$ 3,092</u>	<u>\$ 1,848</u>
EMERGENCY RELIEF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers out	(12,418)	(12,418)	-	12,418
Net Change in Fund Balance	(12,418)	(12,418)	-	12,418
Fund Balance - Beginning	12,418	12,418	12,418	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,418</u>	<u>\$ 12,418</u>
INSTITUTIONS FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers out	(7,069)	(7,069)	-	7,069
Net Change in Fund Balance	(7,068)	(7,068)	-	7,068
Fund Balance - Beginning	7,068	7,068	7,068	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,068</u>	<u>\$ 7,068</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 37	\$ 37
Disbursements	-	-	-	-
Transfers out	(8,772)	(8,772)	-	8,772
Net Change in Fund Balance	(8,772)	(8,772)	37	8,809
Fund Balance - Beginning	8,772	8,772	8,772	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,809</u>	<u>\$ 8,809</u>
SERVICES FOR AGING FUND				
Receipts	\$ 1	\$ 1	\$ 2	\$ 1
Disbursements	-	-	-	-
Transfers out	(34)	(34)	-	34
Net Change in Fund Balance	(33)	(33)	2	35
Fund Balance - Beginning	33	33	33	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 35</u>

HARLAN 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 ATTORNEY DIVERSION FUND				
Receipts	\$ -	\$ -	\$ 150	\$ 150
Disbursements	-	-	-	-
Transfers out	(5,649)	(5,649)	-	5,649
Net Change in Fund Balance	(5,649)	(5,649)	150	5,799
Fund Balance - Beginning	5,649	5,649	5,649	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,799</u>	<u>\$ 5,799</u>
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers out	(1,431)	(1,431)	-	1,431
Net Change in Fund Balance	(1,430)	(1,430)	-	1,430
Fund Balance - Beginning	1,430	1,430	1,430	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,430</u>	<u>\$ 1,430</u>
SHERIFF GRANT FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers out	(8)	(8)	-	8
Net Change in Fund Balance	(7)	(7)	-	7
Fund Balance - Beginning	7	7	7	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</u>
LOTTERY FUND				
Receipts	\$ 21,076	\$ 21,076	\$ 19,025	\$ (2,051)
Disbursements	(31,061)	(31,061)	(23,038)	8,023
Net Change in Fund Balance	(9,985)	(9,985)	(4,013)	5,972
Fund Balance - Beginning	17,185	17,185	17,185	-
Fund Balance - Ending	<u>\$ 7,200</u>	<u>\$ 7,200</u>	<u>\$ 13,172</u>	<u>\$ 5,972</u>
LAW ENFORCEMENT OPERATING FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers out	(8,410)	(8,410)	-	8,410
Net Change in Fund Balance	(8,409)	(8,409)	-	8,409
Fund Balance - Beginning	8,409	8,409	8,409	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,409</u>	<u>\$ 8,409</u>

HARLAN 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>PREDATOR CONTROL FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers out	(2,857)	(2,857)	-	2,857
Net Change in Fund Balance	(2,857)	(2,857)	-	2,857
Fund Balance - Beginning	2,857	2,857	2,857	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,857</u>	<u>\$ 2,857</u>
<u>NOXIOUS WEED FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	(205)	(205)
Transfers out	(516)	(516)	(311)	205
Net Change in Fund Balance	(516)	(516)	(516)	-
Fund Balance - Beginning	516	516	516	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>HISTORICAL SOCIETY FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers out	(76)	(76)	-	76
Net Change in Fund Balance	(76)	(76)	-	76
Fund Balance - Beginning	76	76	76	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 76</u>
<u>911 EMERGENCY SERVICES FUND</u>				
Receipts	\$ 10,001	\$ 10,001	\$ 9,403	\$ (598)
Disbursements	(18,000)	(18,000)	(9,640)	8,360
Net Change in Fund Balance	(7,999)	(7,999)	(237)	7,762
Fund Balance - Beginning	8,075	8,075	8,075	-
Fund Balance - Ending	<u>\$ 76</u>	<u>\$ 76</u>	<u>\$ 7,838</u>	<u>\$ 7,762</u>
<u>STOP PROGRAM FUND</u>				
Receipts	\$ 1	\$ 1	\$ 680	\$ 679
Disbursements	(3,911)	(3,911)	(2,500)	1,411
Net Change in Fund Balance	(3,910)	(3,910)	(1,820)	2,090
Fund Balance - Beginning	3,910	3,910	3,910	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,090</u>	<u>\$ 2,090</u>

(Continued)

HARLAN 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)
SHERIFF COMMISSARY FUND				
Receipts	\$ -	\$ -	\$ 562	\$ 562
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	562	562
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 562</u>	<u>\$ 562</u>

(Concluded)

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

	Highway Street Buyback Program Fund	Highway Bridge Buyback Program Fund	Road Bridge Construction Fund	Sheriff Equipment Sinking Fund	Huntley Building Sinking Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	85,903	39,723	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>85,903</u>	<u>39,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	-	-	80,347
Public Safety	-	-	-	-	-
Public Works	45,811	103,297	16,299	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>45,811</u>	<u>103,297</u>	<u>16,299</u>	<u>-</u>	<u>80,347</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>40,092</u>	<u>(63,574)</u>	<u>(16,299)</u>	<u>-</u>	<u>(80,347)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	158,001	-	66,347
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>158,001</u>	<u>-</u>	<u>66,347</u>
Net Change in Fund Balances	40,092	(63,574)	141,702	-	(14,000)
FUND BALANCES - BEGINNING	<u>75,700</u>	<u>103,297</u>	<u>16,299</u>	<u>22,156</u>	<u>14,000</u>
FUND BALANCES - ENDING	<u>\$ 115,792</u>	<u>\$ 39,723</u>	<u>\$ 158,001</u>	<u>\$ 22,156</u>	<u>\$ -</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road and Bridge Maintenance	115,792	39,723	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	158,001	-	-
Aid and Assistance	-	-	-	-	-
County Buildings	-	-	-	-	-
Equipment Purchases	-	-	-	22,156	-
Property Reappraisal	-	-	-	-	-
Community Projects	-	-	-	-	-
Historical Society	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 115,792</u>	<u>\$ 39,723</u>	<u>\$ 158,001</u>	<u>\$ 22,156</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2020

	Courthouse Equipment Sinking Fund	Courthouse Improvement Sinking Fund	Road Equipment Sinking Fund	Visitor Promotion Fund	Reappraisal Fund
RECEIPTS					
Property Taxes	\$ 1	\$ -	\$ -	\$ 15,829	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>1</u>	<u>-</u>	<u>-</u>	<u>15,829</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	5,376	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	6,971	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>5,376</u>	<u>-</u>	<u>6,971</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1</u>	<u>(5,376)</u>	<u>-</u>	<u>8,858</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	10,000
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balances	1	(5,376)	-	8,858	10,000
FUND BALANCES - BEGINNING	<u>-</u>	<u>23,014</u>	<u>211</u>	<u>19,280</u>	<u>191</u>
FUND BALANCES - ENDING	<u>\$ 1</u>	<u>\$ 17,638</u>	<u>\$ 211</u>	<u>\$ 28,138</u>	<u>\$ 10,191</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	28,138	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings	-	17,638	-	-	-
Equipment Purchases	1	-	211	-	-
Property Reappraisal	-	-	-	-	10,191
Community Projects	-	-	-	-	-
Historical Society	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 1</u>	<u>\$ 17,638</u>	<u>\$ 211</u>	<u>\$ 28,138</u>	<u>\$ 10,191</u>

(Continued)

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

For the Year Ended June 30, 2020

	Preservation and Modernization Fund	Emergency Relief Fund	Institutions Fund	Veterans' Aid Fund	Services for Aging Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2
Investment Income	-	-	-	37	-
Intergovernmental	-	-	-	-	-
Charges for Services	3,608	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>3,608</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>2</u>
DISBURSEMENTS					
General Government	5,460	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>5,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,852)</u>	<u>-</u>	<u>-</u>	<u>37</u>	<u>2</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	(1,852)	-	-	37	2
FUND BALANCES - BEGINNING	<u>4,944</u>	<u>12,418</u>	<u>7,068</u>	<u>8,772</u>	<u>33</u>
FUND BALANCES - ENDING	<u>\$ 3,092</u>	<u>\$ 12,418</u>	<u>\$ 7,068</u>	<u>\$ 8,809</u>	<u>\$ 35</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	3,092	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
Aid and Assistance	-	12,418	7,068	8,809	35
County Buildings	-	-	-	-	-
Equipment Purchases	-	-	-	-	-
Property Reappraisal	-	-	-	-	-
Community Projects	-	-	-	-	-
Historical Society	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 3,092</u>	<u>\$ 12,418</u>	<u>\$ 7,068</u>	<u>\$ 8,809</u>	<u>\$ 35</u>

(Continued)

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

	County Attorney Diversion Fund	Drug Law Enforcement and Education Fund	Sheriff Grant Fund	Lottery Fund	Law Enforcement Operating Fund	Predator Control Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	34	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	150	-	-	18,969	-	-
Miscellaneous	-	-	-	22	-	-
TOTAL RECEIPTS	<u>150</u>	<u>-</u>	<u>-</u>	<u>19,025</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	23,038	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,038</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>150</u>	<u>-</u>	<u>-</u>	<u>(4,013)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	150	-	-	(4,013)	-	-
FUND BALANCES - BEGINNING	<u>5,649</u>	<u>1,430</u>	<u>7</u>	<u>17,185</u>	<u>8,409</u>	<u>2,857</u>
FUND BALANCES - ENDING	<u>\$ 5,799</u>	<u>\$ 1,430</u>	<u>\$ 7</u>	<u>\$ 13,172</u>	<u>\$ 8,409</u>	<u>\$ 2,857</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	1,430	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-	-
Committed to:						
Law Enforcement	5,799	-	7	-	8,409	2,857
Road and Bridge Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Equipment Purchases	-	-	-	-	-	-
Property Reappraisal	-	-	-	-	-	-
Community Projects	-	-	-	13,172	-	-
Historical Society	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 5,799</u>	<u>\$ 1,430</u>	<u>\$ 7</u>	<u>\$ 13,172</u>	<u>\$ 8,409</u>	<u>\$ 2,857</u>

(Continued)

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

For the Year Ended June 30, 2020

	Noxious Weed Fund	Historical Society Fund	911 Emergency Services Fund	STOP Program Fund	Sheriff Commissary Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ 9,403	\$ -	\$ -	\$ 25,235
Investment Income	-	-	-	-	-	71
Intergovernmental	-	-	-	-	-	125,626
Charges for Services	-	-	-	680	-	23,407
Miscellaneous	-	-	-	-	562	584
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>9,403</u>	<u>680</u>	<u>562</u>	<u>174,923</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	114,221
Public Safety	-	-	9,640	2,500	-	12,140
Public Works	205	-	-	-	-	165,612
Culture and Recreation	-	-	-	-	-	6,971
TOTAL DISBURSEMENTS	<u>205</u>	<u>-</u>	<u>9,640</u>	<u>2,500</u>	<u>-</u>	<u>298,944</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(205)</u>	<u>-</u>	<u>(237)</u>	<u>(1,820)</u>	<u>562</u>	<u>(124,021)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	234,348
Transfers out	(311)	-	-	-	-	(311)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(311)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,037</u>
Net Change in Fund Balances	(516)	-	(237)	(1,820)	562	110,016
FUND BALANCES - BEGINNING	<u>516</u>	<u>76</u>	<u>8,075</u>	<u>3,910</u>	<u>-</u>	<u>355,497</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 7,838</u>	<u>\$ 2,090</u>	<u>\$ 562</u>	<u>\$ 465,513</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	28,138
911 Emergency Services	-	-	7,838	-	-	7,838
Drug Education	-	-	-	-	-	1,430
Preservation of Records	-	-	-	-	-	3,092
Road and Bridge Maintenance	-	-	-	-	-	155,515
Committed to:						
Law Enforcement	-	-	-	2,090	562	19,724
Road and Bridge Maintenance	-	-	-	-	-	158,001
Aid and Assistance	-	-	-	-	-	28,330
County Buildings	-	-	-	-	-	17,638
Equipment Purchases	-	-	-	-	-	22,368
Property Reappraisal	-	-	-	-	-	10,191
Community Projects	-	-	-	-	-	13,172
Historical Society	-	76	-	-	-	76
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 7,838</u>	<u>\$ 2,090</u>	<u>\$ 562</u>	<u>\$ 465,513</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Historical Society	Highway Superintendent	Total
BALANCES JULY 1, 2019	\$ 5,979	\$ 54,411	\$ 1,266	\$ 50	\$ 18,084	\$ 100	\$ 79,890
RECEIPTS							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	359	-	645	-	-	10,720	11,724
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	38,131	3,883	15,454	-	-	5,471	62,939
Miscellaneous	77	-	458	297	78	4,726	5,636
State Fees	46,380	4,247	-	-	-	39	50,666
Other Liabilities	-	87,616	35,962	-	-	-	123,578
TOTAL RECEIPTS	84,947	95,746	52,519	297	78	20,956	254,543
DISBURSEMENTS							
Payments to County Treasurer	37,850	3,781	13,901	-	-	21,051	76,583
Payments to State Treasurer	42,265	4,000	-	-	-	-	46,265
Other Liabilities	77	131,275	35,962	97	9,387	-	176,798
TOTAL DISBURSEMENTS	80,192	139,056	49,863	97	9,387	21,051	299,646
BALANCES JUNE 30, 2020	<u>\$ 10,734</u>	<u>\$ 11,101</u>	<u>\$ 3,922</u>	<u>\$ 250</u>	<u>\$ 8,775</u>	<u>\$ 5</u>	<u>\$ 34,787</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,132	\$ 288	\$ 3,770	\$ -	\$ 7,457	\$ 5	\$ 15,652
Petty Cash	50	-	-	250	-	-	300
Due to State Treasurer	6,552	334	-	-	-	-	6,886
Due to Others	-	10,479	152	-	1,318	-	11,949
BALANCES JUNE 30, 2020	<u>\$ 10,734</u>	<u>\$ 11,101</u>	<u>\$ 3,922</u>	<u>\$ 250</u>	<u>\$ 8,775</u>	<u>\$ 5</u>	<u>\$ 34,787</u>

HARLAN 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	\$ 11,138,866	\$ 11,277,526	\$ 11,313,401	\$ 11,540,689	\$ 11,642,791
Personal and Specials	669,734	562,727	588,992	551,154	595,819
Total	11,808,600	11,840,253	11,902,393	12,091,843	12,238,610
Corrections					
Additions	1,666	4,209	844	195	-
Deductions	(13,114)	(6,605)	(1,890)	(2,940)	(334)
Net Additions/ (Deductions)	(11,448)	(2,396)	(1,046)	(2,745)	(334)
Corrected Certified Tax	11,797,152	11,837,857	11,901,347	12,089,098	12,238,276
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	8,020,580	-	-	-	-
June 30, 2017	3,759,513	7,705,979	-	-	-
June 30, 2018	8,928	4,109,817	7,966,895	-	-
June 30, 2019	6,284	17,976	3,915,502	7,995,726	-
June 30, 2020	554	1,430	10,192	4,072,181	8,008,351
Total Net Collections	11,795,859	11,835,202	11,892,589	12,067,907	8,008,351
Total Uncollected Tax	\$ 1,293	\$ 2,655	\$ 8,758	\$ 21,191	\$ 4,229,925
Percentage Uncollected Tax	0.01%	0.02%	0.07%	0.18%	34.56%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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HARLAN COUNTY

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

Board of Supervisors
Harlan County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harlan County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Harlan County's basic financial statements, and have issued our report thereon dated February 2, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Harlan County Hospital, a component unit of Harlan County.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harlan County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harlan County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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.

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Harlan County in a separate letter dated February 2, 2021.

Harlan County's Response to Findings

Harlan County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

February 2, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 2, 2021

Board of Supervisors
Harlan County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Harlan County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated February 2, 2021. 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

Lack of Supporting Documentation

During our audit, we noted the following issues with claims approved by the County Board:

- The County paid claims, totaling \$25,236, to certain entities to support their operations, as detailed in the following table. However, documentation for how the funds were used by those entities was not obtained and reviewed to ensure the monies were spent appropriately.

Entity	Amount
Harlan County CASA	\$ 8,500
Oxford Library	1,000
Harlan County Senior Center	15,736
Total	\$ 25,236

- The County paid \$4,547 to an individual for bridge inspections. However, the County did not have a formal, written agreement with that person. Additionally, the inspector submitted no documentation, such as a list of bridges inspected, time spent, or hourly rate charged for inspections, to allow for a determination as to whether the amount paid was reasonable.
- The County Attorney's law office was reimbursed by the County for office expenses and clerical salaries. However, the agreement between the County and the County Attorney's law office stated that it would not renew after the 2009-2010 budget year. The parties did not enter into another agreement until after the 2020 fiscal year. Claim reimbursements to the law office during the 2020 fiscal year totaled \$69,994, but no documentation was submitted to support the amounts paid.

- Payments on the County’s credit cards, totaling \$1,129, were not supported by adequate documentation. The following table details those undocumented purchases:

Office	Description	Amount
Sheriff	Fuel	\$ 616
Clerk	Postage Expenses	513
Total		\$ 1,129

Neb. Rev. Stat. § 13-610 (Reissue 2012) requires purchases made with a political subdivision’s purchasing card to be accompanied by an itemized receipt, as follows:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card.

(2) Any political subdivision may utilize its purchasing card program for the purchase of goods and services for and on behalf of the political subdivision.

* * * *

(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

(Emphasis added.) Additionally, Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states, in part, “All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed” The lack of receipts for the credit card purchases at issue made it impossible for the APA to determine if the claims were filed within the statutorily required timeframe.

Good internal control and sound business practices require procedures to ensure: 1) entities receiving public funds to support their operations document how those monies are spent; 2) service agreements entered into by the County are memorialized in a written document containing all of the details of the understanding between the parties thereto; 3) claim reimbursements are supported by adequate documentation; and 4) County credit card purchases are supported by itemized receipts.

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

A similar finding was noted in the prior audit.

We recommend the County implement procedures to ensure any payment of public funds is supported by adequate documentation showing that the monies were spent appropriately. Those same procedures should ensure also that all county service agreements are memorialized in a written agreement, and both claim reimbursements and County credit card purchases are supported by appropriate documentation.

Inventory Issues

The County Building and Grounds and the County Real Estate inventory statements were not filed with the County Board after the close of fiscal years 2019 and 2020. Consequently, we were unable both to trace the purchase of a parcel of land for \$80,346 to the County Real Estate inventory list and to ensure that a copy machine located in the courthouse was included on the County Building and Grounds inventory list.

For the County's personal property, Neb. Rev. Stat. § 23-347 (Reissue 2012) requires the following:

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

For the County's real property, Neb. Rev. Stat. § 23-348.01 (Reissue 2012) requires the following:

Within two calendar months after the close of each fiscal year, each county board shall make, or cause to be made, acknowledged under oath, and filed with the county clerk of such county, an inventory statement of all real estate and real property in which such county has any interest of any kind. Such inventory shall include all real estate owned by the county or in which the county has an interest or lien of any kind including liens acquired by operation of law for any purpose except real estate tax liens which have not been established by judicial decree and except those parcels of land owned by the county for road rights-of-way and other utility rights-of-way. Such inventory shall set forth a description of such properties with sufficient details that the property may be identified in the records of the register of deeds, and shall set forth, if within an area in which the property abuts upon a street, the street and street number of such property and shall set forth the use being made of such property. The county clerk shall retain such inventory for filing as a public record in his or her office in a manner convenient for reference.

A good internal control plan requires procedures to ensure the annual filing of the statutorily required County inventory statements.

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

We recommend the implementation of procedures to ensure the annual filing of the statutorily required County inventory statements.

COUNTY CLERK

Imprest Account Reconciliation

We noted that a complete and accurate bank reconciliation of the County Board's Imprest checking account was not performed during the fiscal year. The lack of reconciliation resulted in an unknown variance of \$298 in the account as of June 30, 2020.

Additionally, it was noted that two checks, totaling \$592, were outstanding for over three years and not remitted to the State Treasurer as unclaimed property.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2018) requires such property, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

Additionally, sound accounting practices and good internal controls require procedures to ensure that office records are accurate and reconcile with bank activity on, at least, a monthly basis. Such reconciliation procedures should include the timely identification and resolution of any variances noted.

Without such procedures, the County is susceptible to intentional and/or unintentional errors or omissions, which increase the risk of loss, theft, or misuse of public funds.

We recommend the County Clerk implement procedures to ensure adequate records are maintained at all times to support bank balances, and complete, accurate monthly bank reconciliations are performed. We also recommend the County work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute.

COUNTY SHERIFF

Accounting Procedures

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

- At June 30, 2020, office records indicated an unexplained cash long of \$310. The County Sheriff was unable to identify the proper recipient(s) of these funds.
- A monthly asset-to-liability reconciliation was not performed for the bank account maintained by the County Sheriff.
- All civil process fees earned were not remitted to the County Treasurer. The County Sheriff remitted fees collected, but not all fees earned.
- The County Sheriff failed to remit timely \$50 in fees that was due to the County Treasurer. These were originally received in August 2017.

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

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

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Additionally, good internal control and sound business practices require procedures to ensure that office assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, and accounts payable), and any variances noted are resolved timely. Those same procedures should ensure also that all monies earned are remitted to the County Treasurer.

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

A similar finding was noted in the prior audit.

We recommend the County Sheriff implement procedures to ensure office assets agree with office liabilities, and any variances noted are resolved timely. Those same procedures should also ensure all monies earned are remitted to the County Treasurer.

Petty Cash

The County Sheriff was authorized to maintain a \$1,000 petty cash fund; however, the office never actually received these funds from the County. The 2020-2021 budget message listed the County Sheriff as having a \$1,000 petty cash fund.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

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

Good internal controls requires procedures to ensure that petty cash funds are maintained and reported at the authorized amounts.

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

A similar finding was noted in the prior year audit.

We recommend the County Sheriff implement procedures to ensure petty cash funds are maintained at the authorized amount or discuss adjusting the authorized amount with 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 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.

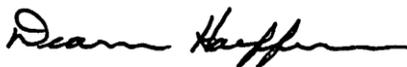
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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,



Deann Haeffner, CPA
Assistant Deputy Auditor