

**AUDIT REPORT
OF
NUCKOLLS COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on May 25, 2021

NUCKOLLS COUNTY

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NUCKOLLS COUNTY
150 S Main
Nelson, NE 68961

LIST OF COUNTY OFFICIALS
At June 30, 2020

| <u>Title</u> | <u>Name</u> | <u>Term Expires</u> |
|---|---|-------------------------------------|
| Board of Commissioners | James Keifer Daren Blackstone Tim Zikmund | Jan. 2023 Jan. 2021 Jan. 2023 |
| Assessor | Susan Rogers | Jan. 2023 |
| Attorney | John Hodge | Jan. 2023 |
| Clerk Election Commissioner Register of Deeds | Carrie Miller | Jan. 2023 |
| Clerk of the District Court | Royce Gonzales | Jan. 2023 |
| Sheriff | Brad Baker | Jan. 2023 |
| Treasurer | Vicki Ensign | Jan. 2023 |
| Surveyor | Thomas Krueger | Appointed |
| Veterans' Service Officer | Bob Kotinek | Appointed |
| Highway Superintendent | Jeff Wagner | Appointed |
| Emergency Manager | Nick Elledge | Appointed |



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

NUCKOLLS COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Nuckolls 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 Nuckolls County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Nuckolls 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 17-26, 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 May 17, 2021, on our consideration of Nuckolls County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nuckolls County's internal control over financial reporting and compliance.



Kris Kucera, CPA, CFE
Audit Manager
Lincoln, Nebraska

May 17, 2021

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

| | Governmental Activities |
|--------------------------------------|----------------------------|
| ASSETS | |
| Cash and Cash Equivalents (Note 1.D) | \$ 3,954,876 |
| Investments (Note 1.D) | 1,735,502 |
| TOTAL ASSETS | \$ 5,690,378 |
| NET POSITION | |
| Restricted for: | |
| Visitor Promotion | \$ 1,320 |
| 911 Emergency Services | 240,792 |
| Preservation of Records | 3,825 |
| Public Works | 379,162 |
| Unrestricted | 5,065,279 |
| TOTAL NET POSITION | \$ 5,690,378 |

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

NUCKOLLS 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 | \$ (1,451,418) | \$ 193,527 | \$ 18,997 | \$ (1,238,894) |
| Public Safety | (957,896) | 37,513 | 22,646 | (897,737) |
| Public Works | (3,180,271) | 775 | 1,526,298 | (1,653,198) |
| Public Assistance | (17,903) | - | - | (17,903) |
| Culture and Recreation | (5,223) | - | - | (5,223) |
| Total Governmental Activities | <u>\$ (5,612,711)</u> | <u>\$ 231,815</u> | <u>\$ 1,567,941</u> | <u>(3,812,955)</u> |

General Receipts:

| | |
|---|------------------|
| Property Taxes | 3,342,520 |
| Grants and Contributions Not Restricted to Specific Programs | 584,443 |
| Investment Income | 53,655 |
| Licenses and Permits | 21,657 |
| Miscellaneous | 23,868 |
| Total General Receipts | <u>4,026,143</u> |

| | |
|----------------------------------|---------------------|
| Increase in Net Position | 213,188 |
| Net Position - Beginning of year | 5,477,190 |
| Net Position - End of year | <u>\$ 5,690,378</u> |

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

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

| | General Fund | Road Fund | Inheritance Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents (Note 1.D) | \$ 1,204,781 | \$ 1,230,263 | \$ 216,641 | \$ 1,303,191 | \$ 3,954,876 |
| Investments (Note 1.D) | - | - | 1,735,502 | - | 1,735,502 |
| TOTAL ASSETS | \$ 1,204,781 | \$ 1,230,263 | \$ 1,952,143 | \$ 1,303,191 | \$ 5,690,378 |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Visitor Promotion | - | - | - | 1,320 | 1,320 |
| 911 Emergency Services | - | - | - | 240,792 | 240,792 |
| Preservation of Records | - | - | - | 3,825 | 3,825 |
| Public Works | - | - | - | 379,162 | 379,162 |
| Committed to: | | | | | |
| Law Enforcement | - | - | - | 2,635 | 2,635 |
| Road Maintenance | - | 1,230,263 | - | - | 1,230,263 |
| Aid and Assistance | - | - | - | 76,618 | 76,618 |
| Public Safety | - | - | - | 31,305 | 31,305 |
| Control of Noxious Weeds | - | - | - | 26,979 | 26,979 |
| Employee Insurance | - | - | - | 540,555 | 540,555 |
| Assigned to: | | | | | |
| Other Purposes | - | - | 1,952,143 | - | 1,952,143 |
| Unassigned | 1,204,781 | - | - | - | 1,204,781 |
| TOTAL CASH BASIS FUND BALANCES | \$ 1,204,781 | \$ 1,230,263 | \$ 1,952,143 | \$ 1,303,191 | \$ 5,690,378 |

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

NUCKOLLS 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 | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| RECEIPTS | | | | | |
| Property Taxes | \$ 2,861,581 | \$ - | \$ 387,232 | \$ 93,707 | \$ 3,342,520 |
| Licenses and Permits | 21,657 | - | - | - | 21,657 |
| Investment Income | 17,107 | - | 25,707 | 10,841 | 53,655 |
| Intergovernmental | 388,695 | 1,526,298 | - | 237,391 | 2,152,384 |
| Charges for Services | 222,980 | 775 | - | 8,060 | 231,815 |
| Miscellaneous | 4,177 | 13,261 | - | 6,430 | 23,868 |
| TOTAL RECEIPTS | 3,516,197 | 1,540,334 | 412,939 | 356,429 | 5,825,899 |
| DISBURSEMENTS | | | | | |
| General Government | 1,227,704 | - | 206,189 | 17,525 | 1,451,418 |
| Public Safety | 843,828 | - | - | 114,068 | 957,896 |
| Public Works | - | 2,721,271 | - | 459,000 | 3,180,271 |
| Public Assistance | 17,903 | - | - | - | 17,903 |
| Culture and Recreation | - | - | - | 5,223 | 5,223 |
| TOTAL DISBURSEMENTS | 2,089,435 | 2,721,271 | 206,189 | 595,816 | 5,612,711 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | 1,426,762 | (1,180,937) | 206,750 | (239,387) | 213,188 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 241,953 | 1,375,548 | 11,000 | 69,509 | 1,698,010 |
| Transfers out | (1,420,570) | (14,823) | (200,000) | (62,617) | (1,698,010) |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,178,617) | 1,360,725 | (189,000) | 6,892 | - |
| Net Change in Fund Balances | 248,145 | 179,788 | 17,750 | (232,495) | 213,188 |
| CASH BASIS FUND BALANCES - BEGINNING | 956,636 | 1,050,475 | 1,934,393 | 1,535,686 | 5,477,190 |
| CASH BASIS FUND BALANCES - ENDING | \$ 1,204,781 | \$ 1,230,263 | \$ 1,952,143 | \$ 1,303,191 | \$ 5,690,378 |

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

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

| | Agency Funds |
|----------------------------|----------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 342,729 |
| LIABILITIES | |
| Due to other governments | |
| State | 157,299 |
| Schools | 147,980 |
| Educational Service Units | 1,626 |
| Technical College | 10,084 |
| Natural Resource Districts | 3,112 |
| Cemetery Districts | 2 |
| Fire Districts | 1,488 |
| Municipalities | 18,739 |
| Airport Authority | 254 |
| Agricultural Society | 630 |
| Others | 1,515 |
| TOTAL LIABILITIES | 342,729 |
| TOTAL NET ASSETS | \$ - |

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

NUCKOLLS 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 Nuckolls County.

A. Reporting Entity

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

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

Joint Organization.

Behavioral Health Region 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 \$10,374 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 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).

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2020). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

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

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

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 \$625,099 of restricted net position, which is fully restricted by enabling legislation.

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

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$3,954,876 for County funds and \$342,729 for Fiduciary funds. The bank balances for all funds totaled \$4,304,213. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$1,735,502 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

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

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

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.261880/\$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 \$.209229/\$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.

NUCKOLLS 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. 2020) 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 \$75,838, and the County contributed \$112,713. Contributions included \$2,093 in cash contributions towards the supplemental law enforcement plan for six law enforcement employees. Lastly, the County paid \$1,212 directly to 12 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.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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> | <u>Transfers from</u> | | | | <u>Total</u> |
|----------------------------|-------------------------|----------------------|-----------------------------|---------------------------|---------------------|
| | <u>General Fund</u> | <u>Road Fund</u> | <u>Inheritance Fund</u> | <u>Nonmajor Funds</u> | |
| General Fund | \$ - | \$ - | \$ 200,000 | \$ 41,953 | \$ 241,953 |
| Road Fund | 1,367,548 | - | - | 8,000 | 1,375,548 |
| Inheritance Fund | - | - | - | 11,000 | 11,000 |
| Nonmajor Funds | 53,022 | 14,823 | - | 1,664 | 69,509 |
| Total | <u>\$ 1,420,570</u> | <u>\$ 14,823</u> | <u>\$ 200,000</u> | <u>\$ 62,617</u> | <u>\$ 1,698,010</u> |

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

In the year ended June 30, 2020, the County made a one-time transfer of \$29,453 from the 911 Wireless Service Fund to the General Fund to reimburse for costs originally paid by that fund, in accordance with requirements of the Nebraska Public Service Commission. The County also transferred \$11,000 from the Noxious Weed Control Fund to the Inheritance Fund to repay for funding provided during the 2017-2018 budget year.

The County transferred \$21,786, \$14,823, \$873, and \$291 from the General Fund, Road Fund, Civil Defense Fund, and Noxious Weed Control Fund, respectively, to the Liability Claim Reserve Fund for the County's portion of health insurance premiums. In addition, there was a transfer from the Liability Claim Reserve Fund to the General Fund, Road Fund, Civil Defense Fund, and Noxious Weed Control Fund for \$12,500, \$8,000, \$375, and \$125, respectively, to help buy down employee health insurance premiums.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Brodstone Memorial Hospital Bond – Conduit Debt**

To provide for the refinancing of certain promissory notes originally issued to pay the costs of acquiring, constructing, furnishing, and equipping improvements to the facilities of Brodstone Memorial Hospital (Hospital), the County issued revenue bonds on May 22, 2013, in the amount of \$4,000,000, bearing interest at 3.07% and maturing on May 22, 2028. These bonds are special limited obligations of the County payable solely from and secured by loan payments to be received from the Hospital. The bonds do not constitute a debt or pledge of faith of the County and, accordingly, have not been reported in the accompanying financial statements. The outstanding debt balance as of April 30, 2020, was \$2,385,252 per the Hospital's audit report. Additional information may be obtained from the Hospital's Administrative Office.

NUCKOLLS 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 | \$ 3,266,115 | \$ 3,266,115 | \$ 2,861,581 | \$ (404,534) |
| Licenses and Permits | 15,500 | 15,500 | 21,657 | 6,157 |
| Interest | 5,000 | 5,000 | 17,107 | 12,107 |
| Intergovernmental | 36,900 | 36,900 | 388,695 | 351,795 |
| Charges for Services | 178,223 | 178,223 | 222,980 | 44,757 |
| Miscellaneous | - | - | 4,177 | 4,177 |
| TOTAL RECEIPTS | <u>3,501,738</u> | <u>3,501,738</u> | <u>3,516,197</u> | <u>14,459</u> |
| DISBURSEMENTS | | | | |
| General Government: | | | | |
| County Board | 114,023 | 114,023 | 107,327 | 6,696 |
| County Clerk | 167,949 | 167,949 | 158,690 | 9,259 |
| County Treasurer | 181,254 | 181,254 | 170,104 | 11,150 |
| County Assessor | 219,876 | 219,876 | 195,266 | 24,610 |
| Election Commissioner | 59,653 | 59,653 | 48,536 | 11,117 |
| Clerk of the District Court | 80,196 | 80,196 | 77,900 | 2,296 |
| County Court System | 9,100 | 9,100 | 6,482 | 2,618 |
| Building and Grounds | 179,601 | 179,601 | 109,021 | 70,580 |
| Agricultural Extension Agent | 99,589 | 99,589 | 80,329 | 19,260 |
| Miscellaneous | 640,077 | 640,077 | 274,049 | 366,028 |
| Public Safety | | | | |
| County Sheriff | 462,097 | 462,097 | 405,756 | 56,341 |
| County Attorney | 125,812 | 125,812 | 121,697 | 4,115 |
| County Jail | 385,599 | 385,599 | 316,375 | 69,224 |
| Public Assistance | | | | |
| Veterans' Service Officer | 22,370 | 22,370 | 17,903 | 4,467 |
| TOTAL DISBURSEMENTS | <u>2,747,196</u> | <u>2,747,196</u> | <u>2,089,435</u> | <u>657,761</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | | | | |
| | <u>754,542</u> | <u>754,542</u> | <u>1,426,762</u> | <u>672,220</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 241,953 | 241,953 | 241,953 | - |
| Transfers out | (1,628,131) | (1,628,131) | (1,420,570) | 207,561 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,386,178)</u> | <u>(1,386,178)</u> | <u>(1,178,617)</u> | <u>207,561</u> |
| Net Change in Fund Balance | (631,636) | (631,636) | 248,145 | 879,781 |
| FUND BALANCE - BEGINNING | 956,636 | 956,636 | 956,636 | - |
| FUND BALANCE - ENDING | <u>\$ 325,000</u> | <u>\$ 325,000</u> | <u>\$ 1,204,781</u> | <u>\$ 879,781</u> |

NUCKOLLS 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 | | | | |
| Intergovernmental | \$ 1,441,520 | \$ 1,441,520 | \$ 1,526,298 | \$ 84,778 |
| Charges for Services | - | - | 775 | 775 |
| Miscellaneous | 8,000 | 8,000 | 13,261 | 5,261 |
| TOTAL RECEIPTS | 1,449,520 | 1,449,520 | 1,540,334 | 90,814 |
| DISBURSEMENTS | 3,779,890 | 3,779,890 | 2,721,271 | 1,058,619 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (2,330,370) | (2,330,370) | (1,180,937) | 1,149,433 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,604,895 | 1,604,895 | 1,375,548 | (229,347) |
| Transfers out | - | - | (14,823) | (14,823) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,604,895 | 1,604,895 | 1,360,725 | (244,170) |
| Net Change in Fund Balance | (725,475) | (725,475) | 179,788 | 905,263 |
| FUND BALANCE - BEGINNING | 1,050,475 | 1,050,475 | 1,050,475 | - |
| FUND BALANCE - ENDING | \$ 325,000 | \$ 325,000 | \$ 1,230,263 | \$ 905,263 |
| INHERITANCE FUND | | | | |
| RECEIPTS | | | | |
| Taxes | \$ 50,000 | \$ 50,000 | \$ 387,232 | \$ 337,232 |
| Interest | 5,000 | 5,000 | 25,707 | 20,707 |
| TOTAL RECEIPTS | 55,000 | 55,000 | 412,939 | 357,939 |
| DISBURSEMENTS | 1,800,393 | 1,800,393 | 206,189 | 1,594,204 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (1,745,393) | (1,745,393) | 206,750 | 1,952,143 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 11,000 | 11,000 | 11,000 | - |
| Transfers out | (200,000) | (200,000) | (200,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (189,000) | (189,000) | (189,000) | - |
| Net Change in Fund Balance | (1,934,393) | (1,934,393) | 17,750 | 1,952,143 |
| FUND BALANCE - BEGINNING | 1,934,393 | 1,934,393 | 1,934,393 | - |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 1,952,143 | \$ 1,952,143 |

NUCKOLLS 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 BRIDGE BUYBACK FUND | | | | |
| Receipts | \$ 202,367 | \$ 202,367 | \$ 202,367 | \$ - |
| Disbursements | (838,162) | (838,162) | (459,000) | 379,162 |
| Net Change in Fund Balance | (635,795) | (635,795) | (256,633) | 379,162 |
| Fund Balance - Beginning | 635,795 | 635,795 | 635,795 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 379,162</u> | <u>\$ 379,162</u> |
| SHERIFF EQUIPMENT RESERVE FUND | | | | |
| Receipts | \$ 250 | \$ 250 | \$ 750 | \$ 500 |
| Disbursements | (1,210) | (1,210) | (950) | 260 |
| Net Change in Fund Balance | (960) | (960) | (200) | 760 |
| Fund Balance - Beginning | 960 | 960 | 960 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 760</u> | <u>\$ 760</u> |
| CIVIL DEFENSE FUND | | | | |
| Receipts | \$ - | \$ - | \$ 22,806 | \$ 22,806 |
| Disbursements | (71,794) | (71,794) | (62,422) | 9,372 |
| Transfers in | 31,611 | 31,611 | 31,611 | - |
| Transfers out | - | - | (873) | (873) |
| Net Change in Fund Balance | (40,183) | (40,183) | (8,878) | 31,305 |
| Fund Balance - Beginning | 40,183 | 40,183 | 40,183 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,305</u> | <u>\$ 31,305</u> |
| VISITORS' PROMOTION FUND | | | | |
| Receipts | \$ 5,000 | \$ 5,000 | \$ 4,929 | \$ (71) |
| Disbursements | (6,614) | (6,614) | (5,223) | 1,391 |
| Net Change in Fund Balance | (1,614) | (1,614) | (294) | 1,320 |
| Fund Balance - Beginning | 1,614 | 1,614 | 1,614 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,320</u> | <u>\$ 1,320</u> |
| PRESERVATION AND MODERNIZATION FUND | | | | |
| Receipts | \$ 2,500 | \$ 2,500 | \$ 3,485 | \$ 985 |
| Disbursements | (4,240) | (4,240) | (1,400) | 2,840 |
| Net Change in Fund Balance | (1,740) | (1,740) | 2,085 | 3,825 |
| Fund Balance - Beginning | 1,740 | 1,740 | 1,740 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,825</u> | <u>\$ 3,825</u> |

NUCKOLLS 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) |
|----------------------------|--------------------|------------------|------------------|---|
| RELIEF MEDICAL FUND | | | | |
| Receipts | \$ 546 | \$ 546 | \$ 1,027 | \$ 481 |
| Disbursements | (50,590) | (50,590) | - | 50,590 |
| Net Change in Fund Balance | (50,044) | (50,044) | 1,027 | 51,071 |
| Fund Balance - Beginning | 75,044 | 75,044 | 75,044 | - |
| Fund Balance - Ending | <u>\$ 25,000</u> | <u>\$ 25,000</u> | <u>\$ 76,071</u> | <u>\$ 51,071</u> |

| | | | | |
|----------------------------|-------------|-------------|---------------|---------------|
| VETERANS' AID FUND | | | | |
| Receipts | \$ 4 | \$ 4 | \$ 7 | \$ 3 |
| Disbursements | (544) | (544) | - | 544 |
| Net Change in Fund Balance | (540) | (540) | 7 | 547 |
| Fund Balance - Beginning | 540 | 540 | 540 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 547</u> | <u>\$ 547</u> |

| | | | | |
|-------------------------------|-------------|-------------|-----------------|-----------------|
| DIVERSION PROGRAM FUND | | | | |
| Receipts | \$ 2,775 | \$ 2,775 | \$ 1,425 | \$ (1,350) |
| Disbursements | (3,225) | (3,225) | - | 3,225 |
| Net Change in Fund Balance | (450) | (450) | 1,425 | 1,875 |
| Fund Balance - Beginning | 450 | 450 | 450 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,875</u> | <u>\$ 1,875</u> |

| | | | | |
|------------------------------------|-------------|-------------|-------------------|-------------------|
| 911 EMERGENCY SERVICES FUND | | | | |
| Receipts | \$ 34,250 | \$ 34,250 | \$ 31,505 | \$ (2,745) |
| Disbursements | (234,519) | (234,519) | (15,599) | 218,920 |
| Net Change in Fund Balance | (200,269) | (200,269) | 15,906 | 216,175 |
| Fund Balance - Beginning | 200,269 | 200,269 | 200,269 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 216,175</u> | <u>\$ 216,175</u> |

| | | | | |
|----------------------------------|-------------|-------------|------------------|------------------|
| 911 WIRELESS SERVICE FUND | | | | |
| Receipts | \$ 43,493 | \$ 43,493 | \$ 43,493 | \$ - |
| Disbursements | (39,755) | (39,755) | (15,138) | 24,617 |
| Transfers in | - | - | - | - |
| Transfers out | (29,453) | (29,453) | (29,453) | - |
| Net Change in Fund Balance | (25,715) | (25,715) | (1,098) | 24,617 |
| Fund Balance - Beginning | 25,715 | 25,715 | 25,715 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,617</u> | <u>\$ 24,617</u> |

(Continued)

NUCKOLLS 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>NOXIOUS WEED CONTROL FUND</u> | | | | |
| Receipts | \$ 33,172 | \$ 33,172 | \$ 31,523 | \$ (1,649) |
| Disbursements | (48,878) | (48,878) | (19,959) | 28,919 |
| Transfers in | 125 | 125 | 125 | - |
| Transfers out | (11,000) | (11,000) | (11,291) | (291) |
| Net Change in Fund Balance | (26,581) | (26,581) | 398 | 26,979 |
| Fund Balance - Beginning | 26,581 | 26,581 | 26,581 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,979</u> | <u>\$ 26,979</u> |
| <u>LIABILITY CLAIM RESERVE FUND</u> | | | | |
| Receipts | \$ 40,116 | \$ 40,116 | \$ 13,112 | \$ (27,004) |
| Disbursements | (545,911) | (545,911) | (16,125) | 529,786 |
| Transfers in | - | - | 37,773 | 37,773 |
| Transfers out | (21,000) | (21,000) | (21,000) | - |
| Net Change in Fund Balance | (526,795) | (526,795) | 13,760 | 540,555 |
| Fund Balance - Beginning | 526,795 | 526,795 | 526,795 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 540,555</u> | <u>\$ 540,555</u> |

(Concluded)

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

| | Highway Bridge Buyback Fund | Sheriff Equipment Reserve Fund | Civil Defense Fund | Visitors' Promotion Fund | Preservation and Modernization Fund |
|---|--------------------------------------|---|--------------------------|--------------------------------|--|
| RECEIPTS | | | | | |
| Property Taxes | \$ - | \$ - | \$ 16 | \$ 4,929 | \$ - |
| Investment Income | - | - | - | - | - |
| Intergovernmental | 202,367 | - | 22,646 | - | - |
| Charges for Services | - | 750 | - | - | 3,485 |
| Miscellaneous | - | - | 144 | - | - |
| TOTAL RECEIPTS | <u>202,367</u> | <u>750</u> | <u>22,806</u> | <u>4,929</u> | <u>3,485</u> |
| DISBURSEMENTS | | | | | |
| General Government | - | - | - | - | 1,400 |
| Public Safety | - | 950 | 62,422 | - | - |
| Public Works | 459,000 | - | - | - | - |
| Culture and Recreation | - | - | - | 5,223 | - |
| TOTAL DISBURSEMENTS | <u>459,000</u> | <u>950</u> | <u>62,422</u> | <u>5,223</u> | <u>1,400</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>(256,633)</u> | <u>(200)</u> | <u>(39,616)</u> | <u>(294)</u> | <u>2,085</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 31,611 | - | - |
| Transfers out | - | - | (873) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>30,738</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (256,633) | (200) | (8,878) | (294) | 2,085 |
| FUND BALANCES - BEGINNING | <u>635,795</u> | <u>960</u> | <u>40,183</u> | <u>1,614</u> | <u>1,740</u> |
| FUND BALANCES - ENDING | <u>\$ 379,162</u> | <u>\$ 760</u> | <u>\$ 31,305</u> | <u>\$ 1,320</u> | <u>\$ 3,825</u> |
| FUND BALANCES: | | | | | |
| Restricted for: | | | | | |
| Visitor Promotion | - | - | - | 1,320 | - |
| 911 Emergency Services | - | - | - | - | - |
| Preservation of Records | - | - | - | - | 3,825 |
| Public Works | 379,162 | - | - | - | - |
| Committed to: | | | | | |
| Law Enforcement | - | 760 | - | - | - |
| Aid and Assistance | - | - | - | - | - |
| Public Safety | - | - | 31,305 | - | - |
| Control of Noxious Weeds | - | - | - | - | - |
| Employee Insurance | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>\$ 379,162</u> | <u>\$ 760</u> | <u>\$ 31,305</u> | <u>\$ 1,320</u> | <u>\$ 3,825</u> |

(Continued)

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

| | Relief Medical Fund | Veterans' Aid Fund | Diversion Program Fund | 911 Emergency Services Fund |
|---|---------------------------|-----------------------|------------------------------|--------------------------------------|
| RECEIPTS | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ 17,708 |
| Investment Income | 981 | 7 | - | 2,697 |
| Intergovernmental | 46 | - | - | 8,700 |
| Charges for Services | - | - | 1,425 | 2,400 |
| Miscellaneous | - | - | - | - |
| TOTAL RECEIPTS | <u>1,027</u> | <u>7</u> | <u>1,425</u> | <u>31,505</u> |
| DISBURSEMENTS | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | 15,599 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| TOTAL DISBURSEMENTS | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,599</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>1,027</u> | <u>7</u> | <u>1,425</u> | <u>15,906</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 1,027 | 7 | 1,425 | 15,906 |
| FUND BALANCES - BEGINNING | <u>75,044</u> | <u>540</u> | <u>450</u> | <u>200,269</u> |
| FUND BALANCES - ENDING | <u>\$ 76,071</u> | <u>\$ 547</u> | <u>\$ 1,875</u> | <u>\$ 216,175</u> |
| FUND BALANCES: | | | | |
| Restricted for: | | | | |
| Visitor Promotion | - | - | - | - |
| 911 Emergency Services | - | - | - | 216,175 |
| Preservation of Records | - | - | - | - |
| Public Works | - | - | - | - |
| Committed to: | | | | |
| Law Enforcement | - | - | 1,875 | - |
| Aid and Assistance | 76,071 | 547 | - | - |
| Public Safety | - | - | - | - |
| Control of Noxious Weeds | - | - | - | - |
| Employee Insurance | - | - | - | - |
| TOTAL FUND BALANCES | <u>\$ 76,071</u> | <u>\$ 547</u> | <u>\$ 1,875</u> | <u>\$ 216,175</u> |

(Continued)

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

| | 911 Wireless Service Fund | Noxious Weed Control Fund | Liability Claim Reserve Fund | Total Nonmajor Governmental Funds |
|---|------------------------------------|------------------------------------|---------------------------------------|--|
| RECEIPTS | | | | |
| Property Taxes | \$ 43,493 | \$ 27,561 | \$ - | \$ 93,707 |
| Investment Income | - | 282 | 6,874 | 10,841 |
| Intergovernmental | - | 3,632 | - | 237,391 |
| Charges for Services | - | - | - | 8,060 |
| Miscellaneous | - | 48 | 6,238 | 6,430 |
| TOTAL RECEIPTS | <u>43,493</u> | <u>31,523</u> | <u>13,112</u> | <u>356,429</u> |
| DISBURSEMENTS | | | | |
| General Government | - | - | 16,125 | 17,525 |
| Public Safety | 15,138 | 19,959 | - | 114,068 |
| Public Works | - | - | - | 459,000 |
| Culture and Recreation | - | - | - | 5,223 |
| TOTAL DISBURSEMENTS | <u>15,138</u> | <u>19,959</u> | <u>16,125</u> | <u>595,816</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>28,355</u> | <u>11,564</u> | <u>(3,013)</u> | <u>(239,387)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 125 | 37,773 | 69,509 |
| Transfers out | (29,453) | (11,291) | (21,000) | (62,617) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(29,453)</u> | <u>(11,166)</u> | <u>16,773</u> | <u>6,892</u> |
| Net Change in Fund Balances | (1,098) | 398 | 13,760 | (232,495) |
| FUND BALANCES - BEGINNING | <u>25,715</u> | <u>26,581</u> | <u>526,795</u> | <u>1,535,686</u> |
| FUND BALANCES - ENDING | <u>\$ 24,617</u> | <u>\$ 26,979</u> | <u>\$540,555</u> | <u>\$ 1,303,191</u> |
| FUND BALANCES: | | | | |
| Restricted for: | | | | |
| Visitor Promotion | - | - | - | 1,320 |
| 911 Emergency Services | 24,617 | - | - | 240,792 |
| Preservation of Records | - | - | - | 3,825 |
| Public Works | - | - | - | 379,162 |
| Committed to: | | | | |
| Law Enforcement | - | - | - | 2,635 |
| Aid and Assistance | - | - | - | 76,618 |
| Public Safety | - | - | - | 31,305 |
| Control of Noxious Weeds | - | 26,979 | - | 26,979 |
| Employee Insurance | - | - | 540,555 | 540,555 |
| TOTAL FUND BALANCES | <u>\$ 24,617</u> | <u>\$ 26,979</u> | <u>\$540,555</u> | <u>\$ 1,303,191</u> |

(Concluded)

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

| | County Clerk | Clerk of the District Court | County Sheriff | County Attorney | Highway Superintendent | Total |
|------------------------------|-----------------|--------------------------------|-----------------|--------------------|---------------------------|------------------|
| BALANCES JULY 1, 2019 | \$ 3,804 | \$ 3,137 | \$ 1,948 | \$ 803 | \$ - | \$ 9,692 |
| RECEIPTS | | | | | | |
| Property Taxes | 517 | - | - | - | - | 517 |
| Licenses and Permits | - | - | 570 | - | - | 570 |
| Charges for Services | 41,577 | 3,367 | 11,311 | 1,720 | - | 57,975 |
| Miscellaneous | - | - | 21 | - | 7,125 | 7,146 |
| State Fees | 55,118 | 3,398 | - | - | - | 58,516 |
| Other Liabilities | - | 94,478 | 4,118 | 6,642 | - | 105,238 |
| TOTAL RECEIPTS | 97,212 | 101,243 | 16,020 | 8,362 | 7,125 | 229,962 |
| DISBURSEMENTS | | | | | | |
| Payments to County Treasurer | 40,431 | 3,356 | 11,907 | 1,720 | 7,125 | 64,539 |
| Payments to State Treasurer | 54,044 | 3,990 | - | - | - | 58,034 |
| Other Liabilities | 2 | 91,500 | 4,171 | 6,642 | - | 102,315 |
| TOTAL DISBURSEMENTS | 94,477 | 98,846 | 16,078 | 8,362 | 7,125 | 224,888 |
| BALANCES JUNE 30, 2020 | <u>\$ 6,539</u> | <u>\$ 5,534</u> | <u>\$ 1,890</u> | <u>\$ 803</u> | <u>\$ -</u> | <u>\$ 14,766</u> |
| BALANCES CONSIST OF: | | | | | | |
| Due to County Treasurer | \$ 3,459 | \$ 185 | \$ 1,313 | \$ - | \$ - | \$ 4,957 |
| Petty Cash | - | - | 520 | - | - | 520 |
| Due to State Treasurer | 3,080 | 117 | - | - | - | 3,197 |
| Due to Others | - | 5,232 | 57 | 803 | - | 6,092 |
| BALANCES JUNE 30, 2020 | <u>\$ 6,539</u> | <u>\$ 5,534</u> | <u>\$ 1,890</u> | <u>\$ 803</u> | <u>\$ -</u> | <u>\$ 14,766</u> |

NUCKOLLS 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 | \$ 13,057,622 | \$ 13,274,481 | \$ 13,173,289 | \$ 13,041,503 | \$ 12,752,366 |
| Personal and Specials | 1,256,161 | 1,074,294 | 1,053,901 | 1,088,169 | 1,149,905 |
| Total | 14,313,783 | 14,348,775 | 14,227,190 | 14,129,672 | 13,902,271 |
| Corrections | | | | | |
| Additions | 664 | - | 1,431 | - | - |
| Deductions | (5,471) | (667) | (448) | (405) | (16) |
| Net Additions/ (Deductions) | (4,807) | (667) | 983 | (405) | (16) |
| Corrected Certified Tax | 14,308,976 | 14,348,108 | 14,228,173 | 14,129,267 | 13,902,255 |
| Net Tax Collected by County Treasurer during Fiscal Year Ending: | | | | | |
| June 30, 2016 | 9,348,664 | - | - | - | - |
| June 30, 2017 | 4,942,974 | 9,475,929 | - | - | - |
| June 30, 2018 | 8,419 | 4,850,042 | 9,345,661 | - | - |
| June 30, 2019 | 2,756 | 8,766 | 4,859,889 | 9,117,951 | - |
| June 30, 2020 | 1,943 | 3,335 | 9,727 | 4,990,992 | 9,103,153 |
| Total Net Collections | 14,304,756 | 14,338,072 | 14,215,277 | 14,108,943 | 9,103,153 |
| Total Uncollected Tax | \$ 4,220 | \$ 10,036 | \$ 12,896 | \$ 20,324 | \$ 4,799,102 |
| Percentage Uncollected Tax | 0.03% | 0.07% | 0.09% | 0.14% | 34.52% |

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

NUCKOLLS 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
Nuckolls 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 Nuckolls County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Nuckolls County's basic financial statements, and have issued our report thereon dated May 17, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nuckolls 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 Nuckolls 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 Nuckolls 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 Nuckolls County in a separate letter dated May 17, 2021.

Nuckolls County's Response to Findings

Nuckolls 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.



Kris Kucera, CPA, CFE
Audit Manager
Lincoln, Nebraska

May 17, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

May 17, 2021

Board of Commissioners
Nuckolls County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Nuckolls County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated May 17, 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

Duplicate Payments

During the audit, we noted two claims, totaling \$29,550, which were duplicate payments. A summary of these duplicate payments is provided in the table below:

| Payee | Duplicate Amount | Original Claim | | Duplicate Claim | |
|-------------------|------------------|----------------|----------|-----------------|----------|
| | | Date | Claim # | Date | Claim # |
| Beyke Signs, Inc. | \$ 495 | 11/4/2019 | 19110004 | 12/2/2019 | 19120002 |
| Vankirk Brothers | 29,055 | 5/4/2020 | 20050085 | 6/1/2020 | 20060128 |
| Total | \$ 29,550 | | | | |

For the two duplicate disbursements, the County was made aware of the duplicate claims by the vendors, and the checks were returned to the County. The County lacked the proper internal controls to identify those overpayments itself.

Good internal controls and sound accounting practices require procedures for periodically reviewing payments made to vendors in order to prevent payments from being made multiple times. Without such procedures, there is an increased risk of loss or misuse of County funds.

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

COUNTY CLERK

Clerk Office Procedures

During our audit, we noted that the County Clerk's office was not performing adequate monthly reconciliations of its bank account. Consequently, as of June 30, 2020, there was an unexplained cash long of \$48 between the book and bank balances.

Sound accounting practices and good internal controls require procedures to ensure that office records are accurate and reconcile, at least monthly, with bank activity. Such reconciliation procedures should include both an accounting for all receipts and the timely identification and resolution of any variances noted.

Without such procedures, the County's bank records are susceptible to errors and omissions, which increases the risk of loss, theft, or misuse of public funds.

A similar finding was noted in the prior year.

We recommend the County Clerk implement procedures to ensure complete and accurate bank reconciliations are performed on, at least, a monthly basis.

County Board's Meeting and Audit Publications

During the audit, we noted multiple issues with the County Board's required publications, as described below:

- For 8 of 10 meetings tested, the publication was not made within 10 business days, as required by State statute; instead, those publications ranged from 12 to 21 days late.
- For 1 of 10 meetings tested, a publication of the minutes was not on file.
- For two meetings with claims approved, the publication did not include a listing of those claims.
- The publication of the fiscal year 2019 audit report was 24 days late.

Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2020) of the Open Meetings Act requires the following:

Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.

Neb. Rev. Stat. § 23-122 (Reissue 2012) states, in relevant 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 which shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item, in one newspaper of general circulation published in the county

Neb. Rev. Stat. § 23-1608(2) (Reissue 2012) provides the following:

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.

A good internal control plan requires procedures to ensure that the County Board meets all statutory publication requirements pertaining to both meeting minutes and audit reports.

Without such procedures, there is an increased risk of not only the County failing to comply with State statute but also the public being denied timely notification of transactions approved by, as well as other activities pertinent to, the County Board.

A similar finding was noted in the audit for the prior year.

We recommend the County Board implement procedures to ensure compliance with all statutory publication requirements pertaining to both meeting minutes and audit reports.

COUNTY SHERIFF

Unknown Balance

As of June 30, 2020, office records indicated an unexplained cash long of \$300. The County Sheriff was unable to identify the proper recipient(s) of these funds.

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

Without such procedures, there is an increased risk for not only loss, theft, or misuse of County funds but also errors being allowed to go undetected more easily.

A similar finding was noted in the audit for the prior year.

We recommend the County Sheriff implement procedures to ensure, at least monthly, that office assets agree with office liabilities, and any variances are identified and resolved promptly.

COUNTY ATTORNEY

Unknown Trust Balance

During the audit, we noted that the County Attorney's office was maintaining a trust balance of \$803 in its bank account on June 30, 2020; however, the County Attorney could not identify the proper recipient(s) of \$516 of that amount.

Sound accounting practices and good internal controls require procedures to ensure that the County Attorney can identify the proper recipient(s) of all trust funds held in the office's bank account.

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

A similar finding was noted in the audit for the prior year.

We recommend the County Attorney review monies held in trust to identify their proper recipient. If an unknown balance continues to exist, we recommend the County Attorney remit such balance to the County Treasurer or State Treasurer, as appropriate.

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 issue was also noted in prior audits.

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

* * * * *

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

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.

Sincerely,



Kris Kucera, CPA, CFE
Audit Manager