

**AUDIT REPORT
OF
RICHARDSON COUNTY**

JULY 1, 2020, THROUGH JUNE 30, 2021

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the Auditor of Public Accounts.**

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Issued on October 25, 2021

RICHARDSON COUNTY

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RICHARDSON COUNTY

1700 Stone St.
Falls City, NE 68355

LIST OF COUNTY OFFICIALS

At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	David Sickel	Jan. 2025
	Rick Karas	Jan. 2025
	John Caverzagie	Jan. 2023
Assessor	Kimberly Riggs	Jan. 2023
Attorney	Douglas Merz	Jan. 2023
Clerk	Mary Eickhoff	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Pamela Scott	Jan. 2023
Sheriff	Rick Hardesty, Jr.	Jan. 2023
Treasurer	Amanda Bartek-Young	Jan. 2023
Surveyor	Robert Tichy	Jan. 2023
Veterans' Service Officer	Mona Godemann	Appointed
Weed Superintendent	Brian Kirkendall	Appointed
Emergency Manager		
Highway Superintendent	Steve Darveau, Jr.	Appointed



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RICHARDSON COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Richardson County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Richardson County as of June 30, 2021, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-30, 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 October 12, 2021, on our consideration of Richardson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richardson County's internal control over financial reporting and compliance.



Pat Reding, CPA, CFE
Assistant Deputy Auditor
Lincoln, Nebraska

October 12, 2021

RICHARDSON COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,752,761
Investments (Note 1.D)	2,487,343
TOTAL ASSETS	\$ 6,240,104
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 49,818
Drug Education	1,389
Law Enforcement	3,448
Preservation of Records	4,003
Debt Service	366,852
Natural Disasters	133,669
Road Maintenance	1,098,326
Coronavirus Relief & Assistance	763,842
Unrestricted	3,818,757
TOTAL NET POSITION	\$ 6,240,104

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

RICHARDSON COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2021

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,051,596)	\$ 372,356	\$ 1,177,143	\$ (1,502,097)
Public Safety	(2,145,393)	192,559	185,202	(1,767,632)
Public Works	(2,779,126)	3,717	2,237,023	(538,386)
Public Assistance	(73,830)	-	-	(73,830)
Culture and Recreation	(13,195)	-	-	(13,195)
Debt Payments	(715,391)	-	-	(715,391)
Total Governmental Activities	\$ (8,778,531)	\$ 568,632	\$ 3,599,368	(4,610,531)

General Receipts:

Property Taxes	5,221,789
Grants and Contributions Not Restricted to Specific Programs	600,300
Investment Income	12,593
Licenses and Permits	55,764
Miscellaneous	148,897
Total General Receipts	6,039,343
 Increase in Net Position	 1,428,812
Net Position - Beginning of year	4,811,292
Net Position - End of year	\$ 6,240,104

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

RICHARDSON COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2021

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Road Buyback Program Fund</u>	<u>COVID American Rescue Plan Act Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 902,984	\$ 880,052	\$ -	\$ 785,070	\$ 545,985	\$ 638,670	\$ 3,752,761
Investments (Note 1.D)	360,307	351,156	989,927	313,256	217,857	254,840	2,487,343
TOTAL ASSETS	<u><u>\$ 1,263,291</u></u>	<u><u>\$ 1,231,208</u></u>	<u><u>\$ 989,927</u></u>	<u><u>\$ 1,098,326</u></u>	<u><u>\$ 763,842</u></u>	<u><u>\$ 893,510</u></u>	<u><u>\$ 6,240,104</u></u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	49,818	49,818
Drug Education	-	-	-	-	-	1,389	1,389
Law Enforcement	-	-	-	-	-	3,448	3,448
Preservation of Records	-	-	-	-	-	4,003	4,003
Debt Service	-	-	-	-	-	366,852	366,852
Natural Disasters	-	-	-	-	-	133,669	133,669
Road Maintenance	-	-	-	1,098,326	-	-	1,098,326
Coronavirus Relief & Assistance	-	-	-	-	763,842	-	763,842
Committed to:							
Law Enforcement	-	-	-	-	-	301,326	301,326
Road Maintenance	-	1,231,208	-	-	-	19,807	1,251,015
Aid and Assistance	-	-	-	-	-	13,198	13,198
Assigned to:							
Other Purposes	-	-	989,927	-	-	-	989,927
Unassigned	1,263,291	-	-	-	-	-	1,263,291
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 1,263,291</u></u>	<u><u>\$ 1,231,208</u></u>	<u><u>\$ 989,927</u></u>	<u><u>\$ 1,098,326</u></u>	<u><u>\$ 763,842</u></u>	<u><u>\$ 893,510</u></u>	<u><u>\$ 6,240,104</u></u>

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

RICHARDSON COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Road Fund	Inheritance Fund	Road Buyback Program Fund	COVID American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$4,366,553	\$ -	\$ 454,843	\$ -	\$ -	\$ 400,393	\$ 5,221,789
Licenses and Permits	51,664	4,100	-	-	-	-	55,764
Investment Income	12,593	-	-	-	-	-	12,593
Intergovernmental	1,122,442	1,779,797	-	323,685	763,842	209,902	4,199,668
Charges for Services	548,621	3,717	-	-	-	16,294	568,632
Miscellaneous	30,575	117,566	419	-	-	337	148,897
TOTAL RECEIPTS	<u>6,132,448</u>	<u>1,905,180</u>	<u>455,262</u>	<u>323,685</u>	<u>763,842</u>	<u>626,926</u>	<u>10,207,343</u>
DISBURSEMENTS							
General Government	2,693,020	-	354,672	-	-	3,904	3,051,596
Public Safety	2,105,094	-	-	-	-	40,299	2,145,393
Public Works	18,302	2,760,824	-	-	-	-	2,779,126
Public Assistance	71,993	-	-	-	-	1,837	73,830
Culture and Recreation	-	-	-	-	-	13,195	13,195
Debt Service:							
Principal Payments	-	-	-	-	-	662,038	662,038
Interest and Fiscal Charges	-	-	-	-	-	53,353	53,353
TOTAL DISBURSEMENTS	<u>4,888,409</u>	<u>2,760,824</u>	<u>354,672</u>	<u>-</u>	<u>-</u>	<u>774,626</u>	<u>8,778,531</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,244,039</u>	<u>(855,644)</u>	<u>100,590</u>	<u>323,685</u>	<u>763,842</u>	<u>(147,700)</u>	<u>1,428,812</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	400,000	1,064,562	-	-	-	5,416	1,469,978
Transfers out	(1,069,978)	-	(400,000)	-	-	-	(1,469,978)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(669,978)</u>	<u>1,064,562</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>5,416</u>	<u>-</u>
Net Change in Fund Balances	574,061	208,918	(299,410)	323,685	763,842	(142,284)	1,428,812
CASH BASIS FUND BALANCES - BEGINNING	<u>689,230</u>	<u>1,022,290</u>	<u>1,289,337</u>	<u>774,641</u>	<u>-</u>	<u>1,035,794</u>	<u>4,811,292</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$1,263,291</u>	<u>\$1,231,208</u>	<u>\$ 989,927</u>	<u>\$1,098,326</u>	<u>\$763,842</u>	<u>\$ 893,510</u>	<u>\$ 6,240,104</u>

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

RICHARDSON COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
FIDUCIARY FUNDS

For the Year Ended June 30, 2021

	Custodial Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	Custodial Fund Balances June 30, 2021
ASSETS				
Cash and Cash Equivalents	\$ 684,256	\$ 21,028,767	\$ 20,948,887	\$ 764,136
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	266,404	2,173,898	2,245,461	194,841
State - Collected by Other Offices	9,497	69,560	71,624	7,433
Schools	246,681	14,366,593	14,336,214	277,060
Educational Service Units	2,497	214,338	213,559	3,276
Technical College	15,590	1,338,831	1,333,957	20,464
Natural Resource Districts	4,465	380,773	379,434	5,804
Fire Districts	1,396	150,782	150,068	2,110
Municipalities	45,164	1,568,971	1,575,892	38,243
Agricultural Society	517	45,297	45,114	700
Drainage Districts	-	40,983	36,913	4,070
Others - Collected by County Treasurer	31,114	186,303	97,645	119,772
Others - Collected by Other Offices	60,931	492,438	463,006	90,363
TOTAL LIABILITIES	684,256	21,028,767	20,948,887	764,136
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$43,555 toward the operation of the Region during fiscal year 2021. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2021. 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) (2021 Neb. Laws, LB 528, § 51). Financial information for the Department is available in that report.

Southeast Nebraska Adult Drug Court (Drug Court) – The County has entered into an agreement with the governing boards of Otoe, Nemaha, Johnson, and Pawnee counties to establish the Southeast Nebraska Adult Drug Court. The intention of the Drug Court is to reduce recidivism, and redirect participants out of the court system. The County was named the fiscal agent for the Drug Court. Each participating county contributes to the operation of the Drug Court based on each county's respective population. The fiscal year 2021 budget for the Drug Court was \$31,400. The County's portion of the budget was \$7,878. The financial activity of the Drug Court is reflected as a non-major fund in this report.

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

The governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Any expenses of the Southeast Region not covered by grant funds would be shared equally among the participating counties. The County did not contribute toward the operation of the Southeast Region during fiscal year 2021. In event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. Jefferson County was named the fiscal agent of the Southeast Region, and all financial activity of the Southeast Region is available in the Jefferson County audit report.

B. Basis of Presentation

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

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

COVID American Rescue Plan Fund. This fund is used to account for aid received from the American Rescue Plan Act and will be used for coronavirus aid and assistance in accordance with Federal guidelines.

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.

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

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County designates fund balances as follows:

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

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

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

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

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

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

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$2,421,347 of restricted net position, which is fully restricted by enabling legislation.

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

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$3,752,761 for County funds and \$764,136 for Fiduciary funds. The bank balances for all funds totaled \$4,866,580. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$2,487,343 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 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.341406/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.337391/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 2021, 106 employees contributed \$152,265, and the County contributed \$225,911. Contributions included \$500,253 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$644 directly to six retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes there is adequate coverage for potential exposures. There were no significant reductions of insurance coverage from the prior year, and the County did not incur any expenses that exceeded the coverage amounts for the fiscal year ended June 30, 2021.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>		<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	
General Fund	\$ -	\$ 400,000	\$ 400,000
Road Fund	1,064,562	-	1,064,562
Nonmajor Funds	5,416	-	5,416
Total	\$ 1,069,978	\$ 400,000	\$ 1,469,978

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, 2021, the County made a one-time transfer of \$5,416 from the General Fund to the Juvenile Diversion Fund to reimburse eligible costs originally paid from the Juvenile Diversion Fund.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Long-Term Obligations

Capital Leases

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

	Camera Equipment
Balance July 1, 2020	\$ 127,551
Purchases	-
Payments	30,968
Balance June 30, 2021	<u>\$ 96,583</u>
Future Payments:	
Year	
2022	\$ 33,245
2023	33,245
2024	33,244
Total Payments	<u>99,734</u>
Less Interest	<u>3,151</u>
Present Value of Future Minimum Lease Payments	<u>\$ 96,583</u>
Carrying Value of the Related Fixed Asset	<u>\$ 132,978</u>

Bonds

Highway Allocation Bond. The County issued bonds on March 17, 2016, in the amount of \$1,455,000 for the purpose of refunding certain bonds of the County. In March 2021, the 2016 bond issue was refinanced for \$715,000. The bond payable balance, as of June 30, 2021, was \$715,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 105,000	\$ 5,561	\$ 110,561
2023	110,000	4,335	114,335
2024	110,000	3,840	113,840
2025	115,000	3,235	118,235
2026	105,000	2,487	107,487
2027-2028	170,000	2,300	172,300
Total Payments	<u>\$ 715,000</u>	<u>\$ 21,758</u>	<u>\$ 736,758</u>

Law Enforcement Center Jail Bond. The County issued bonds on June 30, 2015, in the amount of \$3,740,000 for the purpose of paying the costs of renovating and improving its existing law enforcement center and constructing an addition thereto, as well as certain costs of issuance related to the bonds. In July 2020, the 2015 bond issue was refinanced for \$2,425,000. The bond payable balance, as of June 30, 2021, was \$2,425,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. **Long-Term Obligations** (Concluded)

Future Payments:			
Year	Principal	Interest	Total
2022	\$ 275,000	\$ 13,798	\$ 288,798
2023	280,000	25,257	305,257
2024	280,000	22,738	302,738
2025	280,000	20,077	300,077
2026	285,000	17,278	302,278
2027-2030	1,025,000	33,587	1,058,587
Total Payments	<u>\$ 2,425,000</u>	<u>\$ 132,735</u>	<u>\$ 2,557,735</u>

8. **Prior Period Adjustment**

The beginning balances were increased by \$70,428 on the Fiduciary Funds Statement of Cash Receipts, Disbursements, and Changes in Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report the monies held by County officials other than the County Treasurer.

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,593,946	\$ 4,593,946	\$ 4,366,553	\$ (227,393)
Licenses and Permits	24,250	24,250	51,664	27,414
Interest	40,000	40,000	12,593	(27,407)
Intergovernmental	417,129	417,129	1,122,442	705,313
Charges for Services	429,433	429,433	548,621	119,188
Miscellaneous	13,500	13,500	30,575	17,075
TOTAL RECEIPTS	<u>5,518,258</u>	<u>5,518,258</u>	<u>6,132,448</u>	<u>614,190</u>
DISBURSEMENTS				
General Government:				
County Board	72,984	72,984	71,126	1,858
County Clerk	151,806	151,806	148,625	3,181
County Treasurer	176,860	176,860	173,675	3,185
County Assessor	184,621	184,621	164,032	20,589
Election Commissioner	74,532	74,532	67,810	6,722
Clerk of the District Court	93,274	93,274	91,752	1,522
County Court System	10,200	10,200	7,841	2,359
Building and Grounds	182,753	182,753	162,789	19,964
Agricultural Extension Agent	58,361	58,361	53,104	5,257
CDC - Child Support Agreement	12,747	12,747	11,595	1,152
Capital Acquisitions	75,000	75,000	34,995	40,005
Miscellaneous	1,956,270	1,956,270	1,705,676	250,594
Public Safety				
County Sheriff	816,418	816,418	788,445	27,973
County Attorney	96,550	96,550	95,346	1,204
Communication Center	185,400	185,400	185,510	(110)
County Jail	598,391	598,391	569,731	28,660
Emergency Management	131,775	131,775	130,152	1,623
Humboldt Sheriff	83,073	83,073	73,407	9,666
Co Attorney Child Supp	94,500	94,500	93,363	1,137
Co Attorney Incentive	37,200	37,200	35,668	1,532
Miscellaneous	153,345	153,345	133,472	19,873
Public Works				
County Surveyor	14,064	14,064	13,160	904
Noxious Weed Control	6,000	6,000	5,142	858
Public Assistance				
Veterans' Service Officer	76,449	76,449	71,993	4,456
TOTAL DISBURSEMENTS	<u>5,342,573</u>	<u>5,342,573</u>	<u>4,888,409</u>	<u>454,164</u>

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	175,685	175,685	1,244,039	1,068,354
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Transfers out	(864,915)	(864,915)	(1,069,978)	(205,063)
TOTAL OTHER FINANCING SOURCES (USES)	(464,915)	(464,915)	(669,978)	(205,063)
Net Change in Fund Balance	(289,230)	(289,230)	574,061	863,291
FUND BALANCE - BEGINNING	689,230	689,230	689,230	-
FUND BALANCE - ENDING	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 1,263,291</u>	<u>\$ 863,291</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ 500	\$ 500	\$ 4,100	\$ 3,600
Intergovernmental	1,341,747	1,341,747	1,779,797	438,050
Charges for Services	-	-	3,717	3,717
Miscellaneous	125,500	125,500	117,566	(7,934)
TOTAL RECEIPTS	<u>1,467,747</u>	<u>1,467,747</u>	<u>1,905,180</u>	<u>437,433</u>
DISBURSEMENTS	<u>3,484,952</u>	<u>3,484,952</u>	<u>2,760,824</u>	<u>724,128</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,017,205)</u>	<u>(2,017,205)</u>	<u>(855,644)</u>	<u>1,161,561</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	994,915	994,915	1,064,562	69,647
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>994,915</u>	<u>994,915</u>	<u>1,064,562</u>	<u>69,647</u>
Net Change in Fund Balance	(1,022,290)	(1,022,290)	208,918	1,231,208
FUND BALANCE - BEGINNING	1,022,290	1,022,290	1,022,290	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,231,208</u>	<u>\$ 1,231,208</u>

INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 110,663	\$ 110,663	\$ 454,843	\$ 344,180
Miscellaneous	-	-	419	419
TOTAL RECEIPTS	<u>110,663</u>	<u>110,663</u>	<u>455,262</u>	<u>344,599</u>
DISBURSEMENTS	<u>1,000,000</u>	<u>1,000,000</u>	<u>354,672</u>	<u>645,328</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(889,337)</u>	<u>(889,337)</u>	<u>100,590</u>	<u>989,927</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(400,000)	(400,000)	(400,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,289,337)	(1,289,337)	(299,410)	989,927
FUND BALANCE - BEGINNING	1,289,337	1,289,337	1,289,337	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 989,927</u>	<u>\$ 989,927</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD BUYBACK PROGRAM FUND				
RECEIPTS				
Intergovernmental	\$ 323,684	\$ 323,684	\$ 323,685	\$ 1
TOTAL RECEIPTS	<u>323,684</u>	<u>323,684</u>	<u>323,685</u>	<u>1</u>
 DISBURSEMENTS	 <u>1,098,325</u>	 <u>1,098,325</u>	 <u>-</u>	 <u>1,098,325</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(774,641)</u>	 <u>(774,641)</u>	 <u>323,685</u>	 <u>1,098,326</u>
Net Change in Fund Balance	(774,641)	(774,641)	323,685	1,098,326
FUND BALANCE - BEGINNING	774,641	774,641	774,641	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,098,326</u>	<u>\$ 1,098,326</u>
 COVID AMERICAN RESCUE PLAN ACT FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 763,842	\$ 763,842
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>763,842</u>	<u>763,842</u>
 DISBURSEMENTS	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>-</u>	 <u>-</u>	 <u>763,842</u>	 <u>763,842</u>
Net Change in Fund Balance	-	-	763,842	763,842
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,842</u>	<u>\$ 763,842</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL MATCHING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(238,841)	(238,841)	-	238,841
Net Change in Fund Balance	(238,841)	(238,841)	-	238,841
Fund Balance - Beginning	238,841	238,841	238,841	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,841</u>	<u>\$ 238,841</u>
ROAD/BRIDGE SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(19,807)	(19,807)	-	19,807
Net Change in Fund Balance	(19,807)	(19,807)	-	19,807
Fund Balance - Beginning	19,807	19,807	19,807	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,807</u>	<u>\$ 19,807</u>
VISITORS PROMOTION FUND				
Receipts	\$ 10,184	\$ 10,184	\$ 15,727	\$ 5,543
Disbursements	(25,500)	(25,500)	(7,898)	17,602
Net Change in Fund Balance	(15,316)	(15,316)	7,829	23,145
Fund Balance - Beginning	15,316	15,316	15,316	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,145</u>	<u>\$ 23,145</u>
VISITORS IMPROVEMENT FUND				
Receipts	\$ 13,757	\$ 13,757	\$ 15,727	\$ 1,970
Disbursements	(30,000)	(30,000)	(5,297)	24,703
Net Change in Fund Balance	(16,243)	(16,243)	10,430	26,673
Fund Balance - Beginning	16,243	16,243	16,243	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,673</u>	<u>\$ 26,673</u>
REGISTER OF DEEDS PRESERVE & MODERNIZE FUND				
Receipts	\$ 6,366	\$ 6,366	\$ 6,773	\$ 407
Disbursements	(7,500)	(7,500)	(3,904)	3,596
Net Change in Fund Balance	(1,134)	(1,134)	2,869	4,003
Fund Balance - Beginning	1,134	1,134	1,134	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,003</u>	<u>\$ 4,003</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MEDICAL RELIEF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(11,124)	(11,124)	-	11,124
Net Change in Fund Balance	(11,124)	(11,124)	-	11,124
Fund Balance - Beginning	11,124	11,124	11,124	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,124</u>	<u>\$ 11,124</u>
VETERANS' AID FUND				
Receipts	\$ 1,356	\$ 1,356	\$ 2,267	\$ 911
Disbursements	(3,000)	(3,000)	(1,837)	1,163
Net Change in Fund Balance	(1,644)	(1,644)	430	2,074
Fund Balance - Beginning	1,644	1,644	1,644	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074</u>	<u>\$ 2,074</u>
JUVENILE DIVERSION FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 5,850	\$ 3,850
Disbursements	(26,540)	(26,540)	(2,600)	23,940
Transfers in	-	-	5,416	5,416
Transfers out	-	-	-	-
Net Change in Fund Balance	(24,540)	(24,540)	8,666	33,206
Fund Balance - Beginning	24,540	24,540	24,540	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,206</u>	<u>\$ 33,206</u>
DRUG COURT FUND				
Receipts	\$ 25,713	\$ 25,713	\$ 25,713	\$ -
Disbursements	(33,298)	(33,298)	(28,478)	4,820
Net Change in Fund Balance	(7,585)	(7,585)	(2,765)	4,820
Fund Balance - Beginning	7,585	7,585	7,585	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,820</u>	<u>\$ 4,820</u>
STOP PROGRAM DIVERSION FUND				
Receipts	\$ 1,176	\$ 1,176	\$ 3,950	\$ 2,774
Disbursements	(15,000)	(15,000)	(4,935)	10,065
Net Change in Fund Balance	(13,824)	(13,824)	(985)	12,839
Fund Balance - Beginning	13,824	13,824	13,824	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,839</u>	<u>\$ 12,839</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(1,919)	(1,919)	(530)	1,389
Net Change in Fund Balance	(1,919)	(1,919)	(530)	1,389
Fund Balance - Beginning	1,919	1,919	1,919	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,389</u>	<u>\$ 1,389</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,448)	(3,448)	-	3,448
Net Change in Fund Balance	(3,448)	(3,448)	-	3,448
Fund Balance - Beginning	3,448	3,448	3,448	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,448</u>	<u>\$ 3,448</u>
SHERIFF COMMISSARY FUND				
Receipts	\$ 1,795	\$ 1,795	\$ 3,671	\$ 1,876
Disbursements	(13,500)	(13,500)	(3,756)	9,744
Net Change in Fund Balance	(11,705)	(11,705)	(85)	11,620
Fund Balance - Beginning	11,705	11,705	11,705	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,620</u>	<u>\$ 11,620</u>
JAIL BOND FUND				
Receipts	\$ 284,311	\$ 284,311	\$ 281,426	\$ (2,885)
Disbursements	(525,900)	(525,900)	(303,255)	222,645
Net Change in Fund Balance	(241,589)	(241,589)	(21,829)	219,760
Fund Balance - Beginning	241,589	241,589	241,589	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,760</u>	<u>\$ 219,760</u>
HIGHWAY ALLOCATION BOND FUND				
Receipts	\$ 138,225	\$ 138,225	\$ 132,153	\$ (6,072)
Disbursements	(565,300)	(565,300)	(412,136)	153,164
Net Change in Fund Balance	(427,075)	(427,075)	(279,983)	147,092
Fund Balance - Beginning	427,075	427,075	427,075	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,092</u>	<u>\$ 147,092</u>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
NATURAL DISASTER FUND				
Receipts	\$ 130,000	\$ 130,000	\$ 133,669	\$ 3,669
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(130,000)	(130,000)	-	130,000
Net Change in Fund Balance	-	-	133,669	133,669
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 133,669	\$ 133,669

(Concluded)

RICHARDSON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Federal Matching Fund	Road/Bridge Sinking Fund	Visitors Promotion Fund	Visitors Improvement Fund	Register of Deeds Preserve & Modernize Fund	Medical Relief Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ 15,727	\$ 15,727	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	6,773	-
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>15,727</u>	<u>15,727</u>	<u>6,773</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	3,904	-
Public Safety	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	7,898	5,297	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>7,898</u>	<u>5,297</u>	<u>3,904</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>7,829</u>	<u>10,430</u>	<u>2,869</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	-	-	7,829	10,430	2,869	-
FUND BALANCES - BEGINNING	<u>238,841</u>	<u>19,807</u>	<u>15,316</u>	<u>16,243</u>	<u>1,134</u>	<u>11,124</u>
FUND BALANCES - ENDING	<u>\$ 238,841</u>	<u>\$ 19,807</u>	<u>\$ 23,145</u>	<u>\$ 26,673</u>	<u>\$ 4,003</u>	<u>\$ 11,124</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	23,145	26,673	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	4,003	-
Debt Service	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	238,841	-	-	-	-	-
Road Maintenance	-	19,807	-	-	-	-
Aid and Assistance	-	-	-	-	-	11,124
TOTAL FUND BALANCES	<u>\$ 238,841</u>	<u>\$ 19,807</u>	<u>\$ 23,145</u>	<u>\$ 26,673</u>	<u>\$ 4,003</u>	<u>\$ 11,124</u>

(Continued)

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

For the Year Ended June 30, 2021

	Veterans' Aid Fund	Juvenile Diversion Fund	Drug Court Fund	STOP Program Diversion Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund
RECEIPTS						
Property Taxes	\$ 1,756	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	174	-	25,713	3,950	-	-
Charges for Services	-	5,850	-	-	-	-
Miscellaneous	337	-	-	-	-	-
TOTAL RECEIPTS	<u>2,267</u>	<u>5,850</u>	<u>25,713</u>	<u>3,950</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	2,600	28,478	4,935	530	-
Public Assistance	1,837	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>1,837</u>	<u>2,600</u>	<u>28,478</u>	<u>4,935</u>	<u>530</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>430</u>	<u>3,250</u>	<u>(2,765)</u>	<u>(985)</u>	<u>(530)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,416	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	430	8,666	(2,765)	(985)	(530)	-
FUND BALANCES - BEGINNING	<u>1,644</u>	<u>24,540</u>	<u>7,585</u>	<u>13,824</u>	<u>1,919</u>	<u>3,448</u>
FUND BALANCES - ENDING	<u>\$ 2,074</u>	<u>\$ 33,206</u>	<u>\$ 4,820</u>	<u>\$ 12,839</u>	<u>\$ 1,389</u>	<u>\$ 3,448</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Drug Education	-	-	-	-	1,389	-
Law Enforcement	-	-	-	-	-	3,448
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Natural Disasters	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	33,206	4,820	12,839	-	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	2,074	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 2,074</u>	<u>\$ 33,206</u>	<u>\$ 4,820</u>	<u>\$ 12,839</u>	<u>\$ 1,389</u>	<u>\$ 3,448</u>

(Continued)

RICHARDSON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Sheriff Commissary Fund	Jail Bond Fund	Highway Allocation Bond Fund	Natural Disaster Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 250,121	\$ 117,062	\$ -	\$ 400,393
Intergovernmental	-	31,305	15,091	133,669	209,902
Charges for Services	3,671	-	-	-	16,294
Miscellaneous	-	-	-	-	337
TOTAL RECEIPTS	<u>3,671</u>	<u>281,426</u>	<u>132,153</u>	<u>133,669</u>	<u>626,926</u>
DISBURSEMENTS					
General Government	-	-	-	-	3,904
Public Safety	3,756	-	-	-	40,299
Public Assistance	-	-	-	-	1,837
Culture and Recreation	-	-	-	-	13,195
Debt Service:					
Principal Payments	-	275,000	387,038	-	662,038
Interest and Fiscal Charges	-	28,255	25,098	-	53,353
TOTAL DISBURSEMENTS	<u>3,756</u>	<u>303,255</u>	<u>412,136</u>	<u>-</u>	<u>774,626</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(85)</u>	<u>(21,829)</u>	<u>(279,983)</u>	<u>133,669</u>	<u>(147,700)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	5,416
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,416</u>
Net Change in Fund Balances	(85)	(21,829)	(279,983)	133,669	(142,284)
FUND BALANCES - BEGINNING	<u>11,705</u>	<u>241,589</u>	<u>427,075</u>	<u>-</u>	<u>1,035,794</u>
FUND BALANCES - ENDING	<u>\$ 11,620</u>	<u>\$ 219,760</u>	<u>\$ 147,092</u>	<u>\$ 133,669</u>	<u>\$ 893,510</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	49,818
Drug Education	-	-	-	-	1,389
Law Enforcement	-	-	-	-	3,448
Preservation of Records	-	-	-	-	4,003
Debt Service	-	219,760	147,092	-	366,852
Natural Disasters	-	-	-	133,669	133,669
Committed to:					
Law Enforcement	11,620	-	-	-	301,326
Road Maintenance	-	-	-	-	19,807
Aid and Assistance	-	-	-	-	13,198
TOTAL FUND BALANCES	<u>\$ 11,620</u>	<u>\$ 219,760</u>	<u>\$ 147,092</u>	<u>\$ 133,669</u>	<u>\$ 893,510</u>

(Concluded)

RICHARDSON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Emergency Manager	Juvenile Diversion	Total
BALANCES JULY 1, 2020	\$ 16,037	\$ 58,906	\$ 40,202	\$ 321	\$ 1,000	\$ 1,130	\$ 1,000	\$ -	\$ 118,596
RECEIPTS									
Property Taxes	-	-	3,186	-	-	-	-	-	3,186
Licenses and Permits	1,150	-	575	-	3,900	-	-	-	5,625
Intergovernmental	-	-	-	-	-	1,500	-	-	1,500
Charges for Services	60,866	25,130	83,440	50	22,995	-	-	5,850	198,331
Miscellaneous	1,174	-	18,417	-	94,229	337	8,980	-	123,137
State Fees	47,249	21,298	-	-	1,013	-	-	-	69,560
Other Liabilities	-	197,412	259,511	35,515	-	-	-	-	492,438
TOTAL RECEIPTS	110,439	243,840	365,129	35,565	122,137	1,837	8,980	5,850	893,777
DISBURSEMENTS									
Payments to County Treasurer	63,191	25,229	116,587	50	119,207	-	-	5,850	330,114
Payments to State Treasurer	50,355	20,256	-	-	1,013	-	-	-	71,624
Petty Cash	1,162	-	16,219	-	1,917	579	8,980	-	28,857
Other Liabilities	-	169,786	257,632	35,588	-	-	-	-	463,006
TOTAL DISBURSEMENTS	114,708	215,271	390,438	35,638	122,137	579	8,980	5,850	893,601
BALANCES JUNE 30, 2021	\$ 11,768	\$ 87,475	\$ 14,893	\$ 248	\$ 1,000	\$ 2,388	\$ 1,000	\$ -	\$ 118,772
BALANCES CONSIST OF:									
Due to County Treasurer	5,891	2,361	4,886	-	-	2,388	-	-	15,526
Petty Cash	150	-	3,300	-	1,000	-	1,000	-	5,450
Due to State Treasurer	5,727	1,706	-	-	-	-	-	-	7,433
Due to Others	-	83,408	6,707	248	-	-	-	-	90,363
BALANCES JUNE 30, 2021	\$ 11,768	\$ 87,475	\$ 14,893	\$ 248	\$ 1,000	\$ 2,388	\$ 1,000	\$ -	\$ 118,772

RICHARDSON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 20,293,595	\$ 19,973,827	\$ 19,185,780	\$ 18,399,609	\$ 17,572,858
Personal and Specials	1,179,376	1,050,958	958,422	899,503	1,807,625
Total	21,472,971	21,024,785	20,144,202	19,299,112	19,380,483
Corrections					
Additions	2,479	2,215	3,888	958	13,835
Deductions	(4,342)	(4,398)	(4,128)	(2,427)	(10,463)
Net Additions/ (Deductions)	(1,863)	(2,183)	(240)	(1,469)	3,372
Corrected Certified Tax	21,471,108	21,022,602	20,143,962	19,297,643	19,383,855
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	13,956,096	-	-	-	-
June 30, 2018	7,501,312	13,669,365	-	-	-
June 30, 2019	6,816	7,338,341	12,950,045	-	-
June 30, 2020	3,740	7,662	7,184,751	12,793,830	-
June 30, 2021	1,866	4,621	6,105	6,497,297	13,271,863
Total Net Collections	21,469,830	21,019,989	20,140,901	19,291,127	13,271,863
Total Uncollected Tax	\$ 1,278	\$ 2,613	\$ 3,061	\$ 6,516	\$ 6,111,992
Percentage Uncollected Tax	0.01%	0.01%	0.02%	0.03%	31.53%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners
Richardson County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Richardson County's basic financial statements, and have issued our report thereon dated October 12, 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 Richardson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richardson County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

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

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Richardson County in a separate letter dated October 12, 2021.

Richardson County's Response to Findings

Richardson 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.



Pat Reding, CPA, CFE
Assistant Deputy Auditor
Lincoln, Nebraska

October 12, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 12, 2021

Board of Commissioners
Richardson County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Richardson County (County) for the fiscal year ended June 30, 2021, and have issued our report thereon dated October 12, 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 ATTORNEY

Excess Balance

As of June 30, 2021, the County Attorney had an unknown trust balance of \$248. The County Attorney could not identify the proper recipient(s) of these funds. As of June 30, 2020, the unknown trust balance had been \$319, meaning that the balance decreased by \$71 during fiscal year 2021.

A similar comment was noted in the prior audit.

Additionally, we noted that the County Attorney did not record receipts for two deposits, totaling \$332, during the fiscal year. Further, we noted that one receipt, totaling \$145, was written for an insufficient funds check in December 2020 and subsequently paid out to the vendor to whom the insufficient funds check was issued. However, only \$144 was deposited in the County Attorney's bank account, resulting in a \$1 variance between the book and bank records.

Neb. Rev. Stat. § 23-1207(1) (Reissue 2012) states the following:

It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts, one of which shall be filed by such person with the county clerk.

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

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

We recommend the County Attorney review monies held in trust and remit any balance that cannot be accounted for to the County Treasurer or State Treasurer, as appropriate. Additionally, we recommend the County Attorney ensure receipts are written for all money received, as required by State statute.

County Attorney Response: Regarding the funds left in the County Attorney trust account we told the examiners those were County funds.

COUNTY EMERGENCY MANAGER

Petty Cash Procedures

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

- The Emergency Manager did not periodically reconcile the petty cash fund back to the authorized amount of \$1,000. As of June 30, 2021, the balance in the petty cash fund was \$938. The Emergency Manager was unable to identify what unreimbursed payments made up \$17 of the \$62 difference between the authorized amount and the amount held in the account.

A similar comment was noted in the prior audit.

- We tested two petty cash claims and noted that both claims included sales taxes paid, totaling \$49, for three online purchases. Details of the items noted are provided in the table below:

Claim #	Receipt Date	Payee	Amount
21020023	1/27/2021	4inkjets	\$ 31
21030135	3/9/2021	IDWholesaler	12
21030135	3/11/2021	LifeProof	6
Total Sales Tax Paid			\$ 49

Neb. Rev. Stat. § 77-2704.15(1)(a) (Reissue 2018) states, in relevant part, the following:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county . . .

Further, good internal controls and sound business practices require the Emergency Manager to establish procedures to ensure petty cash activity is recorded accurately, the fund is periodically reconciled to the authorized amount, and any variances noted are identified and corrected in a timely manner.

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

We recommend the Emergency Manager implement procedures to ensure: 1) sales taxes are not paid on county purchases; and 2) the petty cash fund is maintained and reconciled to the authorized amount, and all petty cash activity is accurately recorded.

COUNTY SHERIFF

Balancing Procedures

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

- A reconciliation of office assets to office liabilities was not performed. At June 30, 2021, office records indicated office liabilities (e.g., fees, trust accounts, accounts payable, etc.) exceeded office assets (e.g.,

cash on hand, reconciled bank balance, accounts receivable, etc.), resulting in an unexplained cash short of \$1,452 in the operating account.

- The commissary account balance sheet listed \$850 due to inmates in the County’s custody; however, the detailed listing provided by the County Sheriff’s office listed only \$832 due to inmates. The County was unable to provide documentation to support the \$18 variance or explain to whom the money belonged at June 30, 2021.
- The County Sheriff was unable to provide documentation to support the amount of cash on hand in the County Sheriff’s office as of June 30, 2021.
- We noted the following bank charges were withdrawn from the commissary bank account over the past several years but were not submitted to the County Board for reimbursement as of June 30, 2021. All funds in the commissary bank account were owed to specific parties. Therefore, it is necessary to submit bank charges for reimbursement to the County.

Fiscal Year Incurred	Amount
2017	\$ 231
2018	422
2019	91
2020	331
2021	235
Total	\$ 1,310

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

Neb. Rev. Stat. § 23-1601(1) (Cum. Supp. 2020) requires the County Treasurer to receive all money belonging to the County and to disburse such funds only upon approval from the County Board.

In addition, good internal control requires procedures to ensure the following: 1) office assets (cash on hand, reconciled bank balance, and accounts receivable) agree to office liabilities (unremitted fees, trust accounts, and accounts payable); 2) bank charges are submitted timely for reimbursement; and 3) adequate records are maintained to document the amount of cash on hand in the office.

Without such procedures, there is an increased risk for errors or irregularities to occur and remain undetected, further increasing the risk for the loss or misuse of funds.

We recommend the County Sheriff implement procedures to ensure office assets (cash on hand, reconciled bank balance, and accounts receivable) agree to office liabilities (unremitted fees, trust accounts, and accounts payable). Those same procedures should ensure also that bank charges are submitted timely for reimbursement, and adequate records are maintained to document the amount of cash on hand in the office.

Petty Cash Procedures

The County Board authorized the County Sheriff to maintain a petty cash balance of \$3,000, which was held in a separate bank account used solely for petty cash expense purposes. In addition to that \$3,000 amount, however, the County Sheriff held an additional \$300 of unauthorized petty cash funds in the commissary bank account.

This \$300 long is the result of the County Sheriff using \$300 from the petty cash bank account to open a new commissary bank account. The County Sheriff filed a claim and was reimbursed for the \$300 paid from the petty cash bank account; however, the amount used to open the commissary bank account was never remitted to the County Treasurer.

A similar comment was noted in the prior audit.

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

Furthermore, good internal controls require procedures to ensure that all petty cash funds are maintained at the authorized amount.

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

We recommend the County Sheriff implement procedures to ensure petty cash funds are reconciled to and maintained at the amount authorized by the 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. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

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,



Pat Reding, CPA, CFE
Assistant Deputy Auditor