

**AUDIT REPORT
OF
WEBSTER COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on April 22, 2021

WEBSTER COUNTY

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WEBSTER COUNTY
621 N Cedar Street
Red Cloud, NE 68970

LIST OF COUNTY OFFICIALS
At June 30, 2020

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



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WEBSTER COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Webster County, Nebraska

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

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

Adverse Opinion

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

Unmodified Opinions

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2021, on our consideration of Webster County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Webster County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 20, 2021

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

Governmental
Activities

ASSETS

Cash and Cash Equivalents (Note 1.D)	\$ 3,944,713
TOTAL ASSETS	\$ 3,944,713

NET POSITION

Restricted for:

Visitor Promotion	\$ 13,728
Preservation of Records	8,170
Debt Service	167,786
County Museum	77,685
Unrestricted	3,677,344
TOTAL NET POSITION	\$ 3,944,713

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

WEBSTER COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 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	\$ (1,625,831)	\$ 175,566	\$ 15,088	\$ (1,435,177)
Public Safety	(937,390)	152,791	7,423	(777,176)
Public Works	(2,266,608)	766	1,416,953	(848,889)
Public Assistance	(24,108)	-	-	(24,108)
Culture and Recreation	(65,272)	2,476	-	(62,796)
Debt Payments	(429,854)	-	-	(429,854)
Total Governmental Activities	<u>\$ (5,349,063)</u>	<u>\$ 331,599</u>	<u>\$ 1,439,464</u>	<u>(3,578,000)</u>

General Receipts:

Property Taxes	3,979,831
Grants and Contributions Not Restricted to	
Specific Programs	477,846
Investment Income	57,938
Licenses and Permits	16,679
Miscellaneous	52,352
Total General Receipts	<u>4,584,646</u>

Increase in Net Position	1,006,646
Net Position - Beginning of year	2,938,067
Net Position - End of year	<u>\$ 3,944,713</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Capital Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 948,522	\$ 1,017,758	\$ 1,088,986	\$ 427,214	\$ 462,233	\$ 3,944,713
TOTAL ASSETS	\$ 948,522	\$ 1,017,758	\$ 1,088,986	\$ 427,214	\$ 462,233	\$ 3,944,713
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	13,728	13,728
Preservation of Records	-	-	-	-	8,170	8,170
Debt Service	-	-	-	-	167,786	167,786
County Museum	-	-	-	-	77,685	77,685
Committed to:						
Law Enforcement	-	-	-	-	12,199	12,199
Aid and Assistance	-	-	-	-	49,580	49,580
Self-Insured Dental	-	-	-	-	43,488	43,488
Noxious Weed Control	-	-	-	-	13,958	13,958
County Ambulance	-	-	-	-	75,639	75,639
Road Maintenance	-	1,017,758	-	427,214	-	1,444,972
Assigned to:						
Other Purposes	-	-	1,088,986	-	-	1,088,986
Unassigned	948,522	-	-	-	-	948,522
TOTAL CASH BASIS FUND BALANCES	\$ 948,522	\$ 1,017,758	\$ 1,088,986	\$ 427,214	\$ 462,233	\$ 3,944,713

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

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

	General Fund	Road Fund	Inheritance Fund	Capital Construction Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 3,276,857	\$ -	\$ 297,843	\$ -	\$ 405,131	\$ 3,979,831
Licenses and Permits	16,679	-	-	-	-	16,679
Investment Income	57,007	-	-	-	931	57,938
Intergovernmental	489,902	1,221,653	-	154,886	50,869	1,917,310
Charges for Services	233,090	766	-	-	97,743	331,599
Miscellaneous	19,365	13,407	-	-	19,580	52,352
TOTAL RECEIPTS	4,092,900	1,235,826	297,843	154,886	574,254	6,355,709
DISBURSEMENTS						
General Government	1,573,771	-	-	-	52,060	1,625,831
Public Safety	872,319	-	-	-	65,071	937,390
Public Works	-	1,665,469	-	546,243	54,896	2,266,608
Public Assistance	17,418	-	-	-	6,690	24,108
Culture and Recreation	-	-	-	-	65,272	65,272
Debt Service:						
Principal Payments	-	-	-	-	375,000	375,000
Interest and Fiscal Charges	-	-	-	-	54,854	54,854
TOTAL DISBURSEMENTS	2,463,508	1,665,469	-	546,243	673,843	5,349,063
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS						
	1,629,392	(429,643)	297,843	(391,357)	(99,589)	1,006,646
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000	780,000	50,000	600,000	186,967	1,636,967
Transfers out	(1,474,037)	(11,940)	(50,000)	-	(100,990)	(1,636,967)
TOTAL OTHER FINANCING SOURCES (USES)	(1,454,037)	768,060	-	600,000	85,977	-
Net Change in Fund Balances	175,355	338,417	297,843	208,643	(13,612)	1,006,646
CASH BASIS FUND BALANCES - BEGINNING						
	773,167	679,341	791,143	218,571	475,845	2,938,067
CASH BASIS FUND BALANCES - ENDING						
	\$ 948,522	\$ 1,017,758	\$ 1,088,986	\$ 427,214	\$ 462,233	\$ 3,944,713

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

WEBSTER COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS

June 30, 2020

Agency Funds

ASSETS

Cash and Cash Equivalents	\$ 315,096
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LIABILITIES

Due to other governments

State	114,210
Schools	146,755
Educational Service Units	2,030
Technical College	12,592
Natural Resource Districts	11,376
Fire Districts	2,553
Municipalities	15,316
Agricultural Society	1,004
Others	9,260
TOTAL LIABILITIES	315,096

TOTAL NET ASSETS	\$ -
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The notes to the financial statements are an integral part of this statement.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$10,594 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.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 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 and the Hospital. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

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

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

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

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

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

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

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

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

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (Continued)

recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

D. Assets and Net Position

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

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

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 \$267,369 of restricted net position which is fully restricted by enabling legislation.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (Concluded)

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.

Excess of Disbursements Over Appropriations. For the year ended June 30, 2020, disbursements exceeded budgeted appropriations in the Hospital Bond Fund by \$4,048. This over-expenditure was the result of a transfer to the Inheritance Fund to repay a previous transfer that was made to ensure sufficient funds were available to cover a bond payment due.

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 \$3,944,713 for County funds and \$315,096 for Fiduciary funds. The bank balances for all funds totaled \$4,208,157. 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 did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

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.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.383701/\$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 \$.349611/\$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 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, 53 employees contributed \$77,406, and the County contributed \$114,864. Contributions included \$2,500 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$717 directly to four retired employees for prior service benefits.

5. Risk Management

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

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS
 (Continued)

5. Risk Management (Concluded)

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

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

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

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

6. Interfund Transfers

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

Transfers to	Transfers from					Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds		
General Fund	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	
Road Fund	780,000	-	-	-	-	780,000
Inheritance Fund	-	-	-	50,000	50,000	
Capital Construction Fund	600,000	-	-	-	-	600,000
Nonmajor Funds	94,037	50,000	11,940	30,990	186,967	
Total	<u>\$ 1,474,037</u>	<u>\$ 50,000</u>	<u>\$ 11,940</u>	<u>\$ 100,990</u>	<u>\$ 1,636,967</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 \$40,000 from the Bridge Bond Fund and \$10,000 from the Hospital Bond Fund to the Inheritance Fund to repay previous transfers.

Additionally, the County operates a self-insured dental plan. Transfers of \$34,037, \$11,940, and \$990 were made to the Self-Insured Dental Fund from the General Fund, Road Fund, and Noxious Weed Fund, respectively, to pay dental plan premiums. Further, transfers of \$30,000 and \$20,000 were made from the Self-Insured Dental Fund to the County Relief Fund and County General Fund, respectively, as the County determined there was a sufficient cash balance and excess money in the Self-Insured Dental Fund to pay expenses and claims for employee dental care, so the excess balance was transferred to the County Relief Fund and County General Fund.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS
 (Continued)

7. Capital Leases Payable

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

	<u>Motorgraders</u>
Balance July 1, 2019	\$ 312,475
Purchases	-
Payments	109,337
Balance June 30, 2020	<u>\$ 203,138</u>

Future Payments:

Year	
2021	\$ 82,093
2022	92,613
2023	34,377
Total Payments	209,083
Less Interest	<u>5,945</u>
Present Value of Future Minimum Lease Payments	<u>\$ 203,138</u>
Carrying Value of the Related Fixed Asset	<u>\$ 828,800</u>

8. Long-Term Debt

Hospital Bonds. The County issued bonds on August 15, 2012, in the amount of \$1,615,000 for the purpose of paying the principal and interest on the County's Hospital Refunding Bonds, Series 2009, and paying certain costs of issuing the bonds. The bond payable balance, as of June 30, 2020, was \$365,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2021	\$ 205,000	\$ 5,256	\$ 210,256
2022	160,000	1,680	161,680
Total Payments	<u>\$ 365,000</u>	<u>\$ 6,936</u>	<u>\$ 371,936</u>

Bridge Bonds. The County issued bonds on May 12, 2020, in the amount of \$1,615,000 for the purpose of paying the principal and interest on the County's General Obligation Bonds, Series 2013, dated April 24, 2013, and paying certain costs of issuing the bonds. The bond payable balance, as of June 30, 2020, was \$1,615,000. 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.

WEBSTER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Long-Term Debt (Concluded)

Future Payments:

Year	Principal	Interest	Total
2021	\$ 195,000	\$ 23,623	\$ 218,623
2022	200,000	21,832	221,832
2023	205,000	19,133	224,133
2024	205,000	16,262	221,262
2025	215,000	13,290	228,290
2026-2028	595,000	19,660	614,660
Total Payments	\$ 1,615,000	\$ 113,800	\$ 1,728,800

Highway Allocation Bonds. Subsequent to the fiscal year, the County issued bonds on February 25, 2021, in the amount of \$1,525,000 for the purpose of paying the costs to construct and reconstruct certain road improvements, including road surfaces, subgrades, bridges, and other related components to County roads. 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. The County anticipates using future State highway allocation receipts to pay off the bonds.

WEBSTER 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	\$ 3,547,911	\$ 3,547,911	\$ 3,276,857	\$ (271,054)
Licenses and Permits	14,500	14,500	16,679	2,179
Interest	49,800	49,800	57,007	7,207
Intergovernmental	111,993	111,993	489,902	377,909
Charges for Services	242,345	242,345	233,090	(9,255)
Miscellaneous	7,000	7,000	19,365	12,365
TOTAL RECEIPTS	3,973,549	3,973,549	4,092,900	119,351
DISBURSEMENTS				
General Government:				
County Board	163,520	163,520	147,414	16,106
County Clerk	178,475	178,475	172,004	6,471
County Treasurer	253,343	253,343	235,079	18,264
County Assessor	226,924	226,924	218,853	8,071
Election Commissioner	35,477	35,477	32,340	3,137
Building and Zoning	10,566	10,566	7,226	3,340
County Appraiser	54,836	54,836	51,410	3,426
Clerk of the District Court	54,849	54,849	48,915	5,934
County Court System	4,912	4,912	2,826	2,086
District Judge	800	800	10	790
Building and Grounds	442,500	442,500	345,786	96,714
Agricultural Extension Agent	93,633	93,633	81,733	11,900
Miscellaneous	453,616	453,616	230,175	223,441
Public Safety				
County Sheriff	814,564	814,564	728,015	86,549
County Attorney	107,551	107,551	98,699	8,852
County Jail	57,939	57,939	32,151	25,788
Emergency Management	15,059	15,059	13,454	1,605
Public Assistance				
Veterans' Service Officer	18,152	18,152	17,418	734
TOTAL DISBURSEMENTS	2,986,716	2,986,716	2,463,508	523,208
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	986,833	986,833	1,629,392	642,559
OTHER FINANCING SOURCES (USES)				
Transfers in	380,000	380,000	20,000	(360,000)
Transfers out	(1,440,000)	(1,440,000)	(1,474,037)	(34,037)
TOTAL OTHER FINANCING SOURCES (USES)	(1,060,000)	(1,060,000)	(1,454,037)	(394,037)
Net Change in Fund Balance	(73,167)	(73,167)	175,355	248,522
FUND BALANCE - BEGINNING	773,167	773,167	773,167	-
FUND BALANCE - ENDING	\$ 700,000	\$ 700,000	\$ 948,522	\$ 248,522

WEBSTER 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	\$ 1,046,006	\$ 1,046,006	\$ 1,221,653	\$ 175,647
Charges for Services	-	-	766	766
Miscellaneous	17,800	17,800	13,407	(4,393)
TOTAL RECEIPTS	1,063,806	1,063,806	1,235,826	172,020
DISBURSEMENTS	2,264,552	2,264,552	1,665,469	599,083
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,200,746)	(1,200,746)	(429,643)	771,103
OTHER FINANCING SOURCES (USES)				
Transfers in	980,000	980,000	780,000	(200,000)
Transfers out	-	-	(11,940)	(11,940)
TOTAL OTHER FINANCING SOURCES (USES)	980,000	980,000	768,060	(211,940)
Net Change in Fund Balance	(220,746)	(220,746)	338,417	559,163
FUND BALANCE - BEGINNING	679,341	679,341	679,341	-
FUND BALANCE - ENDING	\$ 458,595	\$ 458,595	\$ 1,017,758	\$ 559,163
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 216,000	\$ 216,000	\$ 297,843	\$ 81,843
TOTAL RECEIPTS	216,000	216,000	297,843	81,843
DISBURSEMENTS	10,000	10,000	-	10,000
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	206,000	206,000	297,843	91,843
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(650,000)	(650,000)	(50,000)	600,000
TOTAL OTHER FINANCING SOURCES (USES)	(600,000)	(600,000)	-	600,000
Net Change in Fund Balance	(394,000)	(394,000)	297,843	691,843
FUND BALANCE - BEGINNING	791,143	791,143	791,143	-
FUND BALANCE - ENDING	\$ 397,143	\$ 397,143	\$ 1,088,986	\$ 691,843

(Continued)

WEBSTER 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)			
CAPITAL CONSTRUCTION FUND				
RECEIPTS				
Intergovernmental	\$ 154,000	\$ 154,000	\$ 154,886	\$ 886
Miscellaneous	1,000	1,000	-	(1,000)
TOTAL RECEIPTS	155,000	155,000	154,886	(114)
DISBURSEMENTS				
	893,500	893,500	546,243	347,257
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(738,500)	(738,500)	(391,357)	347,143
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	600,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	600,000	600,000	600,000	-
Net Change in Fund Balance	(138,500)	(138,500)	208,643	347,143
FUND BALANCE - BEGINNING	218,571	218,571	218,571	-
FUND BALANCE - ENDING	\$ 80,071	\$ 80,071	\$ 427,214	\$ 347,143

(Concluded)

WEBSTER 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)
VISITOR'S PROMOTION FUND				
Receipts	\$ 4,400	\$ 4,400	\$ 3,758	\$ (642)
Disbursements	(13,815)	(13,815)	(6,886)	6,929
Net Change in Fund Balance	(9,415)	(9,415)	(3,128)	6,287
Fund Balance - Beginning	9,415	9,415	9,415	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,287</u>	<u>\$ 6,287</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 4,400	\$ 4,400	\$ 3,758	\$ (642)
Disbursements	(10,816)	(10,816)	(2,733)	8,083
Net Change in Fund Balance	(6,416)	(6,416)	1,025	7,441
Fund Balance - Beginning	6,416	6,416	6,416	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,441</u>	<u>\$ 7,441</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,000	\$ 3,000	\$ 3,221	\$ 221
Disbursements	(11,597)	(11,597)	(3,648)	7,949
Net Change in Fund Balance	(8,597)	(8,597)	(427)	8,170
Fund Balance - Beginning	8,597	8,597	8,597	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,170</u>	<u>\$ 8,170</u>
SELF INSURED DENTAL FUND				
Receipts	\$ 47,332	\$ 47,332	\$ 999	\$ (46,333)
Disbursements	(60,000)	(60,000)	(48,412)	11,588
Transfers in	-	-	46,967	46,967
Transfers out	(60,000)	(60,000)	(50,000)	10,000
Net Change in Fund Balance	(72,668)	(72,668)	(50,446)	22,222
Fund Balance - Beginning	93,934	93,934	93,934	-
Fund Balance - Ending	<u>\$ 21,266</u>	<u>\$ 21,266</u>	<u>\$ 43,488</u>	<u>\$ 22,222</u>
COUNTY RELIEF FUND				
Receipts	\$ 4	\$ 4	\$ 4	\$ -
Disbursements	(30,368)	(30,368)	(6,690)	23,678
Transfers in	30,000	30,000	30,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(364)	(364)	23,314	23,678
Fund Balance - Beginning	15,364	15,364	15,364	-
Fund Balance - Ending	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 38,678</u>	<u>\$ 23,678</u>

WEBSTER 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)
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,470)	(3,470)	-	3,470
Net Change in Fund Balance	(3,470)	(3,470)	-	3,470
Fund Balance - Beginning	3,470	3,470	3,470	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,470	\$ 3,470
DIVERSION PROGRAM FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 1,350	\$ (150)
Disbursements	(4,982)	(4,982)	(1,306)	3,676
Net Change in Fund Balance	(3,482)	(3,482)	44	3,526
Fund Balance - Beginning	3,482	3,482	3,482	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,526	\$ 3,526
NOXIOUS WEED FUND				
Receipts	\$ 50,280	\$ 50,280	\$ 267	\$ (50,013)
Disbursements	(105,450)	(105,450)	(54,896)	50,554
Transfers in	110,000	110,000	60,000	(50,000)
Transfers out	-	-	(990)	(990)
Net Change in Fund Balance	54,830	54,830	4,381	(50,449)
Fund Balance - Beginning	9,577	9,577	9,577	-
Fund Balance - Ending	\$ 64,407	\$ 64,407	\$ 13,958	\$ (50,449)
COUNTY MUSEUM FUND				
Receipts	\$ 47,556	\$ 47,556	\$ 54,231	\$ 6,675
Disbursements	(92,858)	(92,858)	(55,653)	37,205
Net Change in Fund Balance	(45,302)	(45,302)	(1,422)	43,880
Fund Balance - Beginning	79,107	79,107	79,107	-
Fund Balance - Ending	\$ 33,805	\$ 33,805	\$ 77,685	\$ 43,880
AMBULANCE FUND				
Receipts	\$ 76,000	\$ 76,000	\$ 91,231	\$ 15,231
Disbursements	(88,800)	(88,800)	(63,765)	25,035
Net Change in Fund Balance	(12,800)	(12,800)	27,466	40,266
Fund Balance - Beginning	48,173	48,173	48,173	-
Fund Balance - Ending	\$ 35,373	\$ 35,373	\$ 75,639	\$ 40,266

(Continued)

WEBSTER 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)
HOSPITAL BOND FUND				
Receipts	\$ 184,958	\$ 184,958	\$ 188,604	\$ 3,646
Disbursements	(215,138)	(215,138)	(209,186)	5,952
Transfers in	-	-	10,000	10,000
Transfers out	-	-	(10,000)	(10,000)
Net Change in Fund Balance	(30,180)	(30,180)	(20,582)	9,598
Fund Balance - Beginning	145,873	145,873	145,873	-
Fund Balance - Ending	\$ 115,693	\$ 115,693	\$ 125,291	\$ 9,598
BRIDGE BOND FUND				
Receipts	\$ 220,273	\$ 220,273	\$ 216,249	\$ (4,024)
Disbursements	(221,000)	(221,000)	(220,668)	332
Transfers in	50,000	50,000	40,000	(10,000)
Transfers out	(50,000)	(50,000)	(40,000)	10,000
Net Change in Fund Balance	(727)	(727)	(4,419)	(3,692)
Fund Balance - Beginning	46,914	46,914	46,914	-
Fund Balance - Ending	\$ 46,187	\$ 46,187	\$ 42,495	\$ (3,692)
SHERIFF'S DEPARTMENT FUNDRAISING FUND				
Receipts	\$ 5,500	\$ 5,500	\$ 3,150	\$ (2,350)
Disbursements	(11,023)	(11,023)	-	11,023
Net Change in Fund Balance	(5,523)	(5,523)	3,150	8,673
Fund Balance - Beginning	5,523	5,523	5,523	-
Fund Balance - Ending	\$ -	\$ -	\$ 8,673	\$ 8,673
HANDI-BUS FUND				
Receipts	\$ -	\$ -	\$ 7,432	\$ 7,432
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	7,432	7,432
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 7,432	\$ 7,432

(Concluded)

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

For the Year Ended June 30, 2020

	Visitor's Promotion Fund	Visitor's Improvement Fund	Preservation and Modernization Fund	Self Insured Dental Fund	County Relief Fund
RECEIPTS					
Property Taxes	\$ 3,758	\$ 3,758	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	4
Charges for Services	-	-	3,221	-	-
Miscellaneous	-	-	-	999	-
TOTAL RECEIPTS	3,758	3,758	3,221	999	4
DISBURSEMENTS					
General Government	-	-	3,648	48,412	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	6,690
Culture and Recreation	6,886	2,733	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	6,886	2,733	3,648	48,412	6,690
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS					
	(3,128)	1,025	(427)	(47,413)	(6,686)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	46,967	30,000
Transfers out	-	-	-	(50,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(3,033)	30,000
Net Change in Fund Balances	(3,128)	1,025	(427)	(50,446)	23,314
FUND BALANCES - BEGINNING	9,415	6,416	8,597	93,934	15,364
FUND BALANCES - ENDING	\$ 6,287	\$ 7,441	\$ 8,170	\$ 43,488	\$ 38,678
FUND BALANCES:					
Restricted for:					
Visitor Promotion	6,287	7,441	-	-	-
Preservation of Records	-	-	8,170	-	-
Debt Service	-	-	-	-	-
County Museum	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	38,678
Self-Insured Dental	-	-	-	43,488	-
Noxious Weed Control	-	-	-	-	-
County Ambulance	-	-	-	-	-
TOTAL FUND BALANCES	\$ 6,287	\$ 7,441	\$ 8,170	\$ 43,488	\$ 38,678

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

	Veterans' Aid Fund	Diversion Program Fund	Noxious Weed Fund	County Museum Fund	Ambulance Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 39,537	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	5,021	-
Charges for Services	-	1,350	-	2,476	90,696
Miscellaneous	-	-	267	7,197	535
TOTAL RECEIPTS	<u>-</u>	<u>1,350</u>	<u>267</u>	<u>54,231</u>	<u>91,231</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	1,306	-	-	63,765
Public Works	-	-	54,896	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	55,653	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>1,306</u>	<u>54,896</u>	<u>55,653</u>	<u>63,765</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS					
	<u>-</u>	<u>44</u>	<u>(54,629)</u>	<u>(1,422)</u>	<u>27,466</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	60,000	-	-
Transfers out	-	-	(990)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>59,010</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	44	4,381	(1,422)	27,466
FUND BALANCES - BEGINNING	<u>3,470</u>	<u>3,482</u>	<u>9,577</u>	<u>79,107</u>	<u>48,173</u>
FUND BALANCES - ENDING	<u>\$ 3,470</u>	<u>\$ 3,526</u>	<u>\$ 13,958</u>	<u>\$ 77,685</u>	<u>\$ 75,639</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
County Museum	-	-	-	77,685	-
Committed to:					
Law Enforcement	-	3,526	-	-	-
Aid and Assistance	3,470	-	-	-	-
Self-Insured Dental	-	-	-	-	-
Noxious Weed Control	-	-	13,958	-	-
County Ambulance	-	-	-	-	75,639
TOTAL FUND BALANCES	<u>\$ 3,470</u>	<u>\$ 3,526</u>	<u>\$ 13,958</u>	<u>\$ 77,685</u>	<u>\$ 75,639</u>

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

For the Year Ended June 30, 2020

	Hospital Bond Fund	Bridge Bond Fund	Sheriff's Department Fundraising Fund	Handi-Bus Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 166,922	\$ 191,156	\$ -	\$ -	\$ 405,131
Investment Income	574	357	-	-	931
Intergovernmental	21,108	24,736	-	-	50,869
Charges for Services	-	-	-	-	97,743
Miscellaneous	-	-	3,150	7,432	19,580
TOTAL RECEIPTS	188,604	216,249	3,150	7,432	574,254
DISBURSEMENTS					
General Government	-	-	-	-	52,060
Public Safety	-	-	-	-	65,071
Public Works	-	-	-	-	54,896
Public Assistance	-	-	-	-	6,690
Culture and Recreation	-	-	-	-	65,272
Debt Service:					
Principal Payments	200,000	175,000	-	-	375,000
Interest and Fiscal Charges	9,186	45,668	-	-	54,854
TOTAL DISBURSEMENTS	209,186	220,668	-	-	673,843
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS					
	(20,582)	(4,419)	3,150	7,432	(99,589)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,000	40,000	-	-	186,967
Transfers out	(10,000)	(40,000)	-	-	(100,990)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	85,977
Net Change in Fund Balances	(20,582)	(4,419)	3,150	7,432	(13,612)
FUND BALANCES - BEGINNING	145,873	46,914	5,523	-	475,845
FUND BALANCES - ENDING	\$ 125,291	\$ 42,495	\$ 8,673	\$ 7,432	\$ 462,233
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	13,728
Preservation of Records	-	-	-	-	8,170
Debt Service	125,291	42,495	-	-	167,786
County Museum	-	-	-	-	77,685
Committed to:					
Law Enforcement	-	-	8,673	-	12,199
Aid and Assistance	-	-	-	7,432	49,580
Self-Insured Dental	-	-	-	-	43,488
Noxious Weed Control	-	-	-	-	13,958
County Ambulance	-	-	-	-	75,639
TOTAL FUND BALANCES	\$ 125,291	\$ 42,495	\$ 8,673	\$ 7,432	\$ 462,233

WEBSTER 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	County Museum	Total
BALANCES JULY 1, 2019	\$ 62,269	\$ 6,184	\$ 5,312	\$ -	\$ 150	\$ 78,888	\$ 152,803
RECEIPTS							
Licenses and Permits	1,464	-	490	-	-	-	1,954
Intergovernmental	-	-	-	-	43,503	44,190	87,693
Charges for Services	119,456	2,644	59,470	-	2,146	2,476	186,192
Miscellaneous	31	-	112	-	7,240	7,197	14,580
State Fees	39,313	9,385	-	-	126	-	48,824
Other Liabilities	-	30,566	13,707	1,175	-	-	45,448
TOTAL RECEIPTS	160,264	42,595	73,779	1,175	53,015	53,863	384,691
DISBURSEMENTS							
Payments to County Treasurer	130,407	2,387	59,886	-	53,165	-	245,845
Payments to State Treasurer	36,105	6,407	46	-	-	-	42,558
Other Liabilities	-	32,815	13,660	1,175	-	55,653	103,303
TOTAL DISBURSEMENTS	166,512	41,609	73,592	1,175	53,165	55,653	391,706
BALANCES JUNE 30, 2020	\$ 56,021	\$ 7,170	\$ 5,499	\$ -	\$ -	\$ 77,098	\$ 145,788
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 51,733	\$ 394	\$ 4,949	\$ -	\$ -	\$ 77,098	\$ 134,174
Petty Cash	-	-	550	-	-	-	550
Due to State Treasurer	4,288	3,326	-	-	-	-	7,614
Due to Others	-	3,450	-	-	-	-	3,450
BALANCES JUNE 30, 2020	\$ 56,021	\$ 7,170	\$ 5,499	\$ -	\$ -	\$ 77,098	\$ 145,788

WEBSTER 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	\$ 13,252,916	\$ 13,012,921	\$ 12,784,589	\$ 13,189,912	\$ 12,664,730
Personal and Specials	663,739	568,411	504,139	454,903	444,662
Total	<u>13,916,655</u>	<u>13,581,332</u>	<u>13,288,728</u>	<u>13,644,815</u>	<u>13,109,392</u>
Corrections					
Additions	20,018	875	6,877	1,321	44
Deductions	(17,738)	(15,426)	(14,005)	(3,240)	(8,909)
Net Additions/ (Deductions)	<u>2,280</u>	<u>(14,551)</u>	<u>(7,128)</u>	<u>(1,919)</u>	<u>(8,865)</u>
Corrected Certified Tax	<u>13,918,935</u>	<u>13,566,781</u>	<u>13,281,600</u>	<u>13,642,896</u>	<u>13,100,527</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	9,198,553	-	-	-	-
June 30, 2017	4,703,787	8,772,431	-	-	-
June 30, 2018	13,238	4,781,041	8,654,464	-	-
June 30, 2019	1,256	9,850	4,617,755	8,747,931	-
June 30, 2020	2,101	3,459	9,381	4,894,965	8,566,689
Total Net Collections	<u>13,918,935</u>	<u>13,566,781</u>	<u>13,281,600</u>	<u>13,642,896</u>	<u>8,566,689</u>
Total Uncollected Tax	\$ -	\$ -	\$ -	\$ -	\$ 4,533,838
Percentage Uncollected Tax	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>34.61%</u>

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners
Webster County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Webster County's basic financial statements, and have issued our report thereon dated April 20, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Webster County Hospital, a component unit of Webster County.

Internal Control Over Financial Reporting

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

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

Additional Items

We also noted certain matters that we reported to the management of Webster County in a separate letter dated April 20, 2021.

Webster County's Response to Findings

Webster County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 20, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 20, 2021

Board of Commissioners
Webster County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Webster County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated April 20, 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

Expenditures in Excess of Budget

We noted that disbursements exceeded the adopted budget in the Hospital Bond Fund by \$4,048. This over-expenditure was the result of a transfer back to the Inheritance Fund, approved by the County Board on January 21, 2020, to repay a previous transfer made to the fund to ensure sufficient funds were available to cover the bond payment due. A similar finding was noted in the prior audit.

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

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

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

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

Claim Issues

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

- We reviewed four pairs of claims that appeared to be duplicate payments and noted one of the four tested included a duplicate payment, totaling \$175, paid to Auto Glass Experts LLC. Claim 19120043 was submitted by the County Highway Department and approved on December 3, 2019, for the payment related to invoice 32539 for labor on a motor grader for \$175. Subsequently, on December 17, 2019, the County Board approved Claim 19120141 for the same invoice. A similar finding was noted in the prior audit. As of audit fieldwork in March 2021, the County could not provide documentation that a credit or refund had been received for this duplicate payment.
- The County did not ensure there were no delinquent personal taxes assessed against payees prior to paying claims.
- The County approved a payment of \$69,800 to the Nebraska Machinery Company on claim 19100158 for the purchase of a dozer tractor. However, the County did not obtain sealed bids for the purchase.

Neb. Rev. Stat. § 23-143 (Reissue 2012) states, in relevant part, the following:

The county board of any county, whenever the account or claim of any person, firm or corporation against the county is presented to them for allowance, shall procure from the county treasurer a certificate of the amount of delinquent personal taxes assessed against the person, firm or corporation in whose favor the account or claim is presented, and shall deduct from any amount found due upon such account or claim the amount of such tax, and shall forthwith issue a warrant for the balance remaining, if any.

Neb. Rev. Stat. § 23-3108(1) (Cum. Supp. 2020) states, in relevant part, the following:

Except as provided in section 23-3109, purchases of personal property or services by the county board or purchasing agent shall be made:

(a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is fifty thousand dollars or more[.]

Additionally, Neb. Rev. Stat. § 23-3109(2) (Reissue 2012), states the following:

The county board may, by majority vote of its members, waive the bidding requirements of the County Purchasing Act if such waiver is necessary to meet an emergency which threatens serious loss of life, health, or property in the county.

Good internal controls and sound business practices require procedures for reviewing all claims prior to approval to ensure they are not duplicate payments, payees are reviewed to ensure there are no delinquent personal taxes, and State bidding requirements are followed.

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

We recommend the County Board implement procedures to ensure all claims are reviewed prior to approval to ensure they are not duplicate payments, and payees do not have delinquent personal taxes. We also recommend the County Board implement procedures to ensure all of its contracts are awarded in compliance with applicable State bidding requirements.

Payroll Procedures

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

- The County Board is not receiving and reviewing sick and vacation leave usage and balances for all employees to ensure that applicable County policies are being followed. We noted that the Veterans Service Officer, County Sheriff, and County Attorney do not report their leave usage and balances to the County Board.
- For three employees tested, sick and vacation leave was not accrued in accordance with County policies.
 - For one employee in the County Clerk's office, leave was accrued at the beginning of the year instead of being credited on a weekly basis at the rate of one-fifty second (1/52) of the total sick and vacation leave allotted for the year, in accordance with the County Employee Policy Manual.
 - For one employee in the Highway Department, only sick and vacation leave usage was tracked, so we were unable to determine if the balances and amounts accrued were correct.
- The County paid State and Federal payroll taxes for salaried employees in advance of payday and the full month worked. The County's procedures are to pay payroll taxes after the County Board's approval in the middle of each month; however, the payroll approved by the County Board is the monthly salary not earned or paid until the end of the month.

Per the County's Employee Manual:

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

Good internal controls require procedures to ensure the following: 1) the County Board receives and reviews payable leave usage and balances; 2) paid leave accruals are in accordance with County policy; and 3) State and Federal tax withholdings are paid after the payroll expenses are incurred.

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

We recommend the County Board implement procedures to ensure: 1) the County Board receives and reviews paid leave usage and accrual documentation, and such leave accruals are in accordance with County policies; and 2) State and Federal tax withholdings are paid after payroll expenses are incurred.

CASA Payments

During fiscal year 2020, we noted that claim 20020009, dated February 4, 2020, paid the Court Appointed Special Advocate (CASA) \$3,000 from the County's General Fund. Documentation supporting how these funds were used by CASA was not obtained and reviewed. A similar finding was noted in the prior audit.

Good internal controls and sound business practice require procedures to ensure that any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately.

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

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

COUNTY CLERK

Office Procedures

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

- Office records indicated a long of \$189 in the Clerk's Fee Account at June 30, 2020. The office lacked monthly balancing procedures to ensure office assets (reconciled bank balance, cash on hand, and accounts receivable) were in agreement with office liabilities (unremitted fee collections and trust balances). A similar finding was noted in the prior audit. A portion of the long appears to be due to unremitted interest earned on the bank account. We noted that \$14 of interest earned in fiscal year 2019 and \$7 in interest earned in fiscal year 2020 was not remitted properly to the County Treasurer.
- We noted a wire transfer of \$5,138 was deposited into the vendor imprest bank account on May 12, 2020. This deposit was a refund from Piper Sandler Company, which was related to the refinancing of the Series 2013 Bridge Bonds. However, as of audit fieldwork in March 2021, this deposit was not remitted properly to the County Treasurer.
- Charges for ambulance rides, totaling \$34,404, were written off during the fiscal year. However, the County Clerk did not maintain documentation of the County Board's approval to write off the uncollectable amounts. The County Clerk stated that the write-offs were included in the quarterly reports given to the County Board during the Board meetings; however, the minutes did not state that the Board approved the write-offs, and there is no formal policy regarding the Clerk's authority to write-off uncollectable amounts.

Neb. Rev. Stat. § 23-1601(1) (Cum. Supp. 2020) states the following:

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

A good internal control plan and sound business practice require procedures to ensure office assets are in agreement with office liabilities at all times, and any variances are identified and resolved in a timely manner. Such procedures should also ensure money collected is remitted timely to the County Treasurer, and documentation is maintained of the approval to write-off uncollectable amounts.

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

We recommend the County Clerk implement monthly financial reconciliation and balancing procedures to ensure office assets are in agreement with office liabilities at all times, and any variances noted are identified and resolved in a timely manner. We also recommend the County Clerk ensure money collected is remitted timely to the County Treasurer, as required by State statute. Lastly, we recommend the County Clerk ensure documentation is maintained of the approval of all write-offs, and/or consider adopting a policy regarding the write off of uncollectable amounts.

Vendor Imprest Account Collateral

During our audit, we noted that the vendor imprest bank account was not protected fully by sufficient pledged securities, as required by Neb. Rev. Stat. § 77-2395(1) (Cum. Supp. 2020). We noted that the account was under-collateralized for 23 days, in amounts ranging from \$6,080 to \$283,511. A similar finding was noted in the prior audit.

Section 77-2395(1) provides, in relevant part, the following:

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

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

Without such procedures, there is an increased risk of not only failure to comply with State statute but also loss of funds should the financial institution holding the County's deposits fail.

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

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.

* * * * *

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,



Deann Haeffner, CPA
Assistant Deputy Auditor