

**AUDIT REPORT
OF
HARLAN COUNTY**

JULY 1, 2020, THROUGH JUNE 30, 2021

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the Auditor of Public Accounts.**

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Issued on May 6, 2022

HARLAN COUNTY

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HARLAN COUNTY
706 W 2nd Street
Alma, NE 68920

LIST OF COUNTY OFFICIALS
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Cindy Boehler	Jan. 2025
	Jeff Bash	Jan. 2023
	Max Schultz	Jan. 2025
	Christian Schluntz	Jan. 2023
	Ron Imm	Jan. 2025
	Mike Clements	Jan. 2023
	Anthony Gulizia	Jan. 2023
Assessor	Kim Fouts	Jan. 2023
Attorney	Bryan McQuay	Jan. 2023
Clerk	Janet Dietz	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court		
Sheriff	Chris Becker	Jan. 2023
Emergency Manager		Appointed
Treasurer	Sandy Artz	Jan. 2023
Surveyor	Vacant	
Veterans' Service Officer	Michael Richman	Appointed
Weed Superintendent	Tim Burgeson	Appointed
Highway Superintendent		
Planning & Zoning	Ron Melbye	Appointed



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HARLAN COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Harlan County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harlan County, as of and for the year ended June 30, 2021, 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 opinions.

Summary of Opinions

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Harlan County, as of June 30, 2021, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Harlan County, as of June 30, 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 18-34, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2022, on our consideration of Harlan County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Harlan County’s internal control over financial reporting and compliance.



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 3, 2022

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,375,560
TOTAL ASSETS	\$ 3,375,560
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 29,436
911 Emergency Services	5,683
Preservation of Records	3,600
Debt Service	358,745
Road and Bridge Maintenance	126,266
Federal Relief	328,263
Unrestricted	2,523,567
TOTAL NET POSITION	\$ 3,375,560

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

HARLAN COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 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	\$ (1,185,657)	\$ 203,571	\$ 438,046	\$ (544,040)
Public Safety	(822,854)	110,477	399	(711,978)
Public Works	(1,936,172)	1,682	1,406,723	(527,767)
Public Assistance	(8,906)	-	-	(8,906)
Culture and Recreation	(15,170)	-	-	(15,170)
Debt Payments	(2,334,028)	-	-	(2,334,028)
Total Governmental Activities	\$ (6,302,787)	\$ 315,730	\$ 1,845,168	(4,141,889)

General Receipts:

Taxes	2,599,749
Grants and Contributions Not Restricted to Specific Programs	291,692
Investment Income	10,890
Licenses and Permits	47,710
Proceeds from Sale of Bonds	1,925,000
Miscellaneous	97,391
Total General Receipts	4,972,432
Increase in Net Position	830,543
Net Position - Beginning of year	2,545,017
Net Position - End of year	\$ 3,375,560

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

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

June 30, 2021

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 1,046,366	\$ 167,364	\$ 1,122,643	\$ 358,745	\$ 680,442	\$ 3,375,560
TOTAL ASSETS	<u>\$ 1,046,366</u>	<u>\$ 167,364</u>	<u>\$ 1,122,643</u>	<u>\$ 358,745</u>	<u>\$ 680,442</u>	<u>\$ 3,375,560</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	29,436	29,436
911 Emergency Services	-	-	-	-	5,683	5,683
Preservation of Records	-	-	-	-	3,600	3,600
Debt Service	-	-	-	358,745	-	358,745
Road and Bridge Maintenance	-	-	-	-	126,266	126,266
Federal Relief	-	-	-	-	328,263	328,263
Committed to:						
Law Enforcement	-	-	-	-	3,652	3,652
Road and Bridge Maintenance	-	167,364	-	-	58,006	225,370
County Buildings	-	-	-	-	80,164	80,164
Equipment Purchases	-	-	-	-	15,000	15,000
Property Reappraisal	-	-	-	-	20,191	20,191
Community Betterment	-	-	-	-	10,181	10,181
Assigned to:						
Other Purposes	-	-	1,122,643	-	-	1,122,643
Unassigned	1,046,366	-	-	-	-	1,046,366
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,046,366</u>	<u>\$ 167,364</u>	<u>\$ 1,122,643</u>	<u>\$ 358,745</u>	<u>\$ 680,442</u>	<u>\$ 3,375,560</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes	\$2,038,935	\$ -	\$ 261,331	\$ 274,518	\$ 24,965	\$ 2,599,749
Licenses and Permits	39,815	7,895	-	-	-	47,710
Investment Income	8,644	-	-	2,224	22	10,890
Intergovernmental	602,996	1,038,597	-	30,756	464,511	2,136,860
Charges for Services	308,855	1,682	-	-	5,193	315,730
Miscellaneous	8,605	27,517	-	34,278	26,991	97,391
TOTAL RECEIPTS	<u>3,007,850</u>	<u>1,075,691</u>	<u>261,331</u>	<u>341,776</u>	<u>521,682</u>	<u>5,208,330</u>
DISBURSEMENTS						
General Government	1,150,874	-	1,550	2,174	31,059	1,185,657
Public Safety	812,204	-	-	-	10,650	822,854
Public Works	3,087	1,667,593	-	-	265,492	1,936,172
Public Assistance	8,906	-	-	-	-	8,906
Culture and Recreation	-	-	-	-	15,170	15,170
Debt Service:						
Principal Payments	-	-	-	2,278,425	-	2,278,425
Interest and Fiscal Charges	-	-	-	55,603	-	55,603
TOTAL DISBURSEMENTS	<u>1,975,071</u>	<u>1,667,593</u>	<u>1,550</u>	<u>2,336,202</u>	<u>322,371</u>	<u>6,302,787</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,032,779</u>	<u>(591,902)</u>	<u>259,781</u>	<u>(1,994,426)</u>	<u>199,311</u>	<u>(1,094,457)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	69,382	694,000	100,000	-	85,000	948,382
Transfers out	(779,000)	-	(100,000)	-	(69,382)	(948,382)
Proceeds from Sale of Bonds	-	-	-	1,925,000	-	1,925,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(709,618)</u>	<u>694,000</u>	<u>-</u>	<u>1,925,000</u>	<u>15,618</u>	<u>1,925,000</u>
Net Change in Fund Balances	323,161	102,098	259,781	(69,426)	214,929	830,543
CASH BASIS FUND BALANCES - BEGINNING						
	<u>723,205</u>	<u>65,266</u>	<u>862,862</u>	<u>428,171</u>	<u>465,513</u>	<u>2,545,017</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$1,046,366</u>	<u>\$ 167,364</u>	<u>\$1,122,643</u>	<u>\$ 358,745</u>	<u>\$ 680,442</u>	<u>\$ 3,375,560</u>

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

HARLAN COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
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	\$ 532,811	\$ 14,417,361	\$ 14,591,376	\$ 358,796
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	205,671	1,220,751	1,322,442	103,980
State - Collected by Other Offices	6,886	69,664	72,587	3,963
Schools	234,700	9,677,119	9,735,966	175,853
Educational Service Units	2,871	150,008	150,520	2,359
Technical College	17,836	923,588	926,949	14,475
Natural Resource Districts	25,470	1,148,098	1,154,604	18,964
Fire Districts	3,443	189,683	190,206	2,920
Municipalities	23,401	661,742	665,020	20,123
Agricultural Society	1,515	85,623	85,752	1,386
Townships	539	10,760	8,300	2,999
Others - Collected by County Treasurer	-	246,104	246,104	-
Others - Collected by Other Offices	10,479	51,862	50,567	11,774
TOTAL LIABILITIES	532,811	14,435,002	14,609,017	358,796
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$8,916 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.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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) (Supp. 2021). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

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

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

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County reports the following major governmental funds:

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

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

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

Hospital Bond Fund. This fund is used to account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

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.

The County designates fund balances as follows:

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

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

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

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

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

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

D. Assets and Net Position

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

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 \$851,993 of restricted net position, which is fully restricted by enabling legislation.

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

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

Excess of Disbursements Over Appropriations. For the year ended June 30, 2021, disbursements exceeded budgeted appropriations in the Hospital Bond Fund by \$1,849,280, the County Attorney Diversion Fund by \$100, and the Veterans' Aid Fund by \$3. These over-expenditures were funded by bond refinancing proceeds and the available fund balance in the General Fund.

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$3,375,560 for County funds and \$358,796 for Fiduciary funds. The bank balances for all funds totaled \$3,724,735. 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.

3. **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 \$.235188/\$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 \$.229529/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

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

The tax receipts classification also contains collections from the assessment of inheritance taxes, 911 surcharges, and lodging taxes.

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, 2021, 49 employees contributed \$68,356, and the County contributed \$101,424. Contributions included \$2,220 in cash contributions towards the supplemental law enforcement plan for four law enforcement employees. Lastly, the County paid \$744 directly to three retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 104 counties and local governments throughout Nebraska.

HARLAN 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 the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the 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, 2021, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 69,382	\$ 69,382
Road Fund	594,000	100,000	-	694,000
Inheritance Fund	100,000	-	-	100,000
Nonmajor Funds	85,000	-	-	85,000
Total	<u>\$ 779,000</u>	<u>\$ 100,000</u>	<u>\$ 69,382</u>	<u>\$ 948,382</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, 2021, the County made one-time transfers of \$22,156, \$1, \$212, \$12,418, \$7,068, \$8,813, \$36, \$5,899, \$1,430, \$7, \$8,409, \$2,857, and \$76 from the Sheriff Equipment Sinking Fund, Courthouse Equipment Sinking Fund, Road Equipment Sinking Fund, Emergency Relief Fund, Institutions Fund, Veterans' Aid Fund, Services for Aging Fund, County Attorney Diversion Fund, Drug Law Enforcement and Education Fund, Sheriff Grant Fund, Law Enforcement Operating Fund, Predator Control Fund, and Historical Society Fund to the General Fund, respectively, in order to close the funds.

HARLAN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. **Long-Term Obligations**

Bonds

The County issued bonds on August 10, 2016, in the amount of \$3,690,000 for the purpose of paying off the remaining balance of the Series 2011 hospital bonds. The County issued bonds on June 10, 2021, in the amount of \$1,950,000 to refund the outstanding balance of the Series 2016 bonds. The bond payable balance, as of June 30, 2021, was \$1,950,000. 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	\$ 390,000	\$ 7,795	\$ 397,795
2023	390,000	7,020	397,020
2024	390,000	5,850	395,850
2025	390,000	4,290	394,290
2026	390,000	2,340	392,340
Total Payments	<u>\$ 1,950,000</u>	<u>\$ 27,295</u>	<u>\$ 1,977,295</u>

8. **Harlan County Historical Society**

During the fiscal year, the Harlan County Historical Society received \$21,015 of funding from the County per Neb. Rev. Stat. § 23-355.01(2) (Reissue 2012), in addition to \$7,457 in unspent funds from the County from prior years. The Harlan County Historical Society spent \$8,772 during the fiscal year, resulting in a total of \$19,700 in unspent funds as of June 30, 2021. The bank balances of the Harlan County Historical Society were not included in the financial statements as it is a separate non-profit organization.

9. **Prior Period Adjustment**

The beginning balances were increased by \$17,365 on the Fiduciary Fund Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances from the balances reported in the County's fiscal year financial statements. These adjustments were made to report the monies held by County officials other than the County Treasurer.

HARLAN 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	\$ 2,145,024	\$ 2,145,024	\$ 2,038,935	\$ (106,089)
Licenses and Permits	16,025	16,025	39,815	23,790
Investment Income	12,500	12,500	8,644	(3,856)
Intergovernmental	70,200	70,200	602,996	532,796
Charges for Services	279,200	279,200	308,855	29,655
Miscellaneous	3,165	3,165	8,605	5,440
TOTAL RECEIPTS	<u>2,526,114</u>	<u>2,526,114</u>	<u>3,007,850</u>	<u>481,736</u>
DISBURSEMENTS				
General Government:				
County Board	138,850	138,850	134,655	4,195
County Clerk	145,757	145,757	140,625	5,132
County Treasurer	157,639	157,639	146,288	11,351
County Assessor	151,639	151,639	126,388	25,251
Election Commissioner	29,718	29,718	19,137	10,581
Building and Zoning	10,205	10,205	8,725	1,480
Clerk of the District Court	5,630	5,630	2,933	2,697
County Court System	17,760	17,760	6,474	11,286
Building and Grounds	151,950	151,950	73,517	78,433
Agricultural Extension Agent	91,933	91,933	81,290	10,643
Speical Elections	5,000	5,000	1,154	3,846
Miscellaneous	727,714	727,714	409,688	318,026
Public Safety				
County Sheriff	373,745	373,745	350,675	23,070
County Attorney	154,680	154,680	148,050	6,630
Homeland Security	50,000	50,000	-	50,000
County Jail	200,856	200,856	157,454	43,402
Emergency Management	89,484	89,484	87,765	1,719
Law Enforcement Mitigation	50,000	50,000	49,352	648
Child Support Enforcement	20,154	20,154	18,908	1,246
Public Works				
County Surveyor	6,300	6,300	3,087	3,213
Public Assistance				
Veterans' Service Officer	14,315	14,315	8,906	5,409
TOTAL DISBURSEMENTS	<u>2,593,329</u>	<u>2,593,329</u>	<u>1,975,071</u>	<u>618,258</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>(67,215)</u>	<u>(67,215)</u>	<u>1,032,779</u>	<u>1,099,994</u>

(Continued)

HARLAN 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)
OTHER FINANCING SOURCES (USES)				
Transfers in	653,383	653,383	69,382	(584,001)
Transfers out	(1,075,947)	(1,075,947)	(779,000)	296,947
TOTAL OTHER FINANCING SOURCES (USES)	(422,564)	(422,564)	(709,618)	(287,054)
Net Change in Fund Balance	(489,779)	(489,779)	323,161	812,940
FUND BALANCE - BEGINNING	722,205	722,205	723,205	1,000
FUND BALANCE - ENDING	<u>\$ 232,426</u>	<u>\$ 232,426</u>	<u>\$ 1,046,366</u>	<u>\$ 813,940</u>

(Concluded)

HARLAN 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	\$ 1,500	\$ 1,500	\$ 7,895	\$ 6,395
Intergovernmental	887,801	887,801	1,038,597	150,796
Charges for Services	3,000	3,000	1,682	(1,318)
Miscellaneous	4,817	4,817	27,517	22,700
TOTAL RECEIPTS	897,118	897,118	1,075,691	178,573
DISBURSEMENTS	1,964,184	1,964,184	1,667,593	296,591
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,067,066)	(1,067,066)	(591,902)	475,164
OTHER FINANCING SOURCES (USES)				
Transfers in	1,051,800	1,051,800	694,000	(357,800)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,051,800	1,051,800	694,000	(357,800)
Net Change in Fund Balance	(15,266)	(15,266)	102,098	117,364
FUND BALANCE - BEGINNING	65,266	65,266	65,266	-
FUND BALANCE - ENDING	\$ 50,000	\$ 50,000	\$ 167,364	\$ 117,364
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 100,448	\$ 100,448	\$ 261,331	\$ 160,883
TOTAL RECEIPTS	100,448	100,448	261,331	160,883
DISBURSEMENTS	211,500	211,500	1,550	209,950
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(111,052)	(111,052)	259,781	370,833
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	100,000
Transfers out	(684,310)	(684,310)	(100,000)	584,310
TOTAL OTHER FINANCING SOURCES (USES)	(684,310)	(684,310)	-	684,310
Net Change in Fund Balance	(795,362)	(795,362)	259,781	1,055,143
FUND BALANCE - BEGINNING	862,862	862,862	862,862	-
FUND BALANCE - ENDING	\$ 67,500	\$ 67,500	\$ 1,122,643	\$ 1,055,143

HARLAN 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)
HOSPITAL BOND FUND				
RECEIPTS				
Taxes	\$ 295,000	\$ 295,000	\$ 274,518	\$ (20,482)
Investment Income	751	751	2,224	1,473
Intergovernmental	3,000	3,000	30,756	27,756
Miscellaneous	-	-	34,278	34,278
TOTAL RECEIPTS	298,751	298,751	341,776	43,025
DISBURSEMENTS	486,922	486,922	2,336,202	(1,849,280)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(188,171)	(188,171)	(1,994,426)	(1,806,255)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	1,925,000	1,925,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,925,000	1,925,000
Net Change in Fund Balance	(188,171)	(188,171)	(69,426)	118,745
FUND BALANCE - BEGINNING	428,171	428,171	428,171	-
FUND BALANCE - ENDING	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ 358,745</u>	<u>\$ 118,745</u>

(Concluded)

HARLAN 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)
HIGHWAY STREET BUYBACK PROGRAM				
FUND				
Receipts	\$ 91,246	\$ 91,246	\$ 91,246	\$ -
Disbursements	(207,038)	(207,038)	(125,774)	81,264
Net Change in Fund Balance	(115,792)	(115,792)	(34,528)	81,264
Fund Balance - Beginning	115,792	115,792	115,792	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,264</u>	<u>\$ 81,264</u>
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 45,002	\$ 45,002	\$ 45,002	\$ -
Disbursements	(84,725)	(84,725)	(39,723)	45,002
Net Change in Fund Balance	(39,723)	(39,723)	5,279	45,002
Fund Balance - Beginning	39,723	39,723	39,723	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,002</u>	<u>\$ 45,002</u>
ROAD BRIDGE CONSTRUCTION FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(200,000)	(200,000)	(99,995)	100,005
Transfers in	41,998	41,998	-	(41,998)
Transfers out	-	-	-	-
Net Change in Fund Balance	(158,001)	(158,001)	(99,995)	58,006
Fund Balance - Beginning	158,001	158,001	158,001	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,006</u>	<u>\$ 58,006</u>
SHERIFF EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ 15,000	\$ 15,000
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(22,156)	(22,156)	(22,156)	-
Net Change in Fund Balance	(22,156)	(22,156)	(7,156)	15,000
Fund Balance - Beginning	22,156	22,156	22,156	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

(Continued)

HARLAN 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)
COURTHOUSE EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1)	(1)	(1)	-
Net Change in Fund Balance	(1)	(1)	(1)	-
Fund Balance - Beginning	1	1	1	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COURTHOUSE IMPROVEMENT SINKING FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(100,000)	(100,000)	(12,474)	87,526
Transfers in	82,361	82,361	75,000	(7,361)
Transfers out	-	-	-	-
Net Change in Fund Balance	(17,638)	(17,638)	62,526	80,164
Fund Balance - Beginning	17,638	17,638	17,638	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,164</u>	<u>\$ 80,164</u>
ROAD EQUIPMENT SINKING FUND				
Receipts	\$ 1	\$ 1	\$ 1	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(212)	(212)	(212)	-
Net Change in Fund Balance	(211)	(211)	(211)	-
Fund Balance - Beginning	211	211	211	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
VISITORS PROMOTION FUND				
Receipts	\$ 14,000	\$ 14,000	\$ 16,468	\$ 2,468
Disbursements	(31,000)	(31,000)	(15,170)	15,830
Net Change in Fund Balance	(17,000)	(17,000)	1,298	18,298
Fund Balance - Beginning	28,138	28,138	28,138	-
Fund Balance - Ending	<u>\$ 11,138</u>	<u>\$ 11,138</u>	<u>\$ 29,436</u>	<u>\$ 18,298</u>

(Continued)

HARLAN 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)
REAPPRAISAL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(10,000)	(10,000)	-	10,000
Transfers in	-	-	10,000	10,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(10,000)	(10,000)	10,000	20,000
Fund Balance - Beginning	10,191	10,191	10,191	-
Fund Balance - Ending	<u>\$ 191</u>	<u>\$ 191</u>	<u>\$ 20,191</u>	<u>\$ 20,000</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,908	\$ 3,908	\$ 4,093	\$ 185
Disbursements	(7,000)	(7,000)	(3,585)	3,415
Net Change in Fund Balance	(3,092)	(3,092)	508	3,600
Fund Balance - Beginning	3,092	3,092	3,092	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,600</u>	<u>\$ 3,600</u>
EMERGENCY RELIEF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(12,418)	(12,418)	(12,418)	-
Net Change in Fund Balance	(12,418)	(12,418)	(12,418)	-
Fund Balance - Beginning	12,418	12,418	12,418	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
INSTITUTIONS FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(7,069)	(7,069)	(7,068)	1
Net Change in Fund Balance	(7,068)	(7,068)	(7,068)	-
Fund Balance - Beginning	7,068	7,068	7,068	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

HARLAN 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)
<u>VETERANS' AID FUND</u>				
Receipts	\$ 1	\$ 1	\$ 4	\$ 3
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(8,810)	(8,810)	(8,813)	(3)
Net Change in Fund Balance	(8,809)	(8,809)	(8,809)	-
Fund Balance - Beginning	8,809	8,809	8,809	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>SERVICES FOR AGING FUND</u>				
Receipts	\$ 1	\$ 1	\$ 1	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(36)	(36)	(36)	-
Net Change in Fund Balance	(35)	(35)	(35)	-
Fund Balance - Beginning	35	35	35	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>COUNTY ATTORNEY DIVERSION FUND</u>				
Receipts	\$ -	\$ -	\$ 100	\$ 100
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(5,799)	(5,799)	(5,899)	(100)
Net Change in Fund Balance	(5,799)	(5,799)	(5,799)	-
Fund Balance - Beginning	5,799	5,799	5,799	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>STOP DIVERSION PROGRAM FUND</u>				
Receipts	\$ 1	\$ 1	\$ 360	\$ 359
Disbursements	(2,091)	(2,091)	-	2,091
Net Change in Fund Balance	(2,090)	(2,090)	360	2,450
Fund Balance - Beginning	2,090	2,090	2,090	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,450</u>	<u>\$ 2,450</u>

(Continued)

HARLAN 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)
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,431)	(1,431)	(1,430)	1
Net Change in Fund Balance	(1,430)	(1,430)	(1,430)	-
Fund Balance - Beginning	1,430	1,430	1,430	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SHERIFF GRANT FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(8)	(8)	(7)	1
Net Change in Fund Balance	(7)	(7)	(7)	-
Fund Balance - Beginning	7	7	7	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVID AMERICAN RESCUE PLAN FUND				
Receipts	\$ -	\$ -	\$ 328,263	\$ 328,263
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	328,263	328,263
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,263</u>	<u>\$ 328,263</u>
LOTTERY FUND				
Receipts	\$ 18,530	\$ 18,530	\$ 12,009	\$ (6,521)
Disbursements	(24,502)	(24,502)	(15,000)	9,502
Net Change in Fund Balance	(5,972)	(5,972)	(2,991)	2,981
Fund Balance - Beginning	13,172	13,172	13,172	-
Fund Balance - Ending	<u>\$ 7,200</u>	<u>\$ 7,200</u>	<u>\$ 10,181</u>	<u>\$ 2,981</u>

(Continued)

HARLAN 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)
LAW ENFORCEMENT OPERATING FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(8,410)	(8,410)	(8,409)	1
Net Change in Fund Balance	(8,409)	(8,409)	(8,409)	-
Fund Balance - Beginning	8,409	8,409	8,409	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
SHERIFF COMMISSARY FUND				
Receipts	\$ -	\$ -	\$ 640	\$ 640
Disbursements	(562)	(562)	-	562
Net Change in Fund Balance	(562)	(562)	640	1,202
Fund Balance - Beginning	562	562	562	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,202	\$ 1,202
PREDATOR CONTROL FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,858)	(2,858)	(2,857)	1
Net Change in Fund Balance	(2,857)	(2,857)	(2,857)	-
Fund Balance - Beginning	2,857	2,857	2,857	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
HISTORICAL SOCIETY FUND				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(77)	(77)	(76)	1
Net Change in Fund Balance	(76)	(76)	(76)	-
Fund Balance - Beginning	76	76	76	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
911 EMERGENCY SERVICES FUND				
Receipts	\$ 10,162	\$ 10,162	\$ 8,495	\$ (1,667)
Disbursements	(18,000)	(18,000)	(10,650)	7,350
Net Change in Fund Balance	(7,838)	(7,838)	(2,155)	5,683
Fund Balance - Beginning	7,838	7,838	7,838	-
Fund Balance - Ending	\$ -	\$ -	\$ 5,683	\$ 5,683

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

For the Year Ended June 30, 2021

	Highway Street Buyback Program Fund	Highway Bridge Buyback Program Fund	Road Bridge Construction Fund	Sheriff Equipment Sinking Fund	Courthouse Equipment Sinking Fund
RECEIPTS					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	91,246	45,002	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	15,000	-
TOTAL RECEIPTS	<u>91,246</u>	<u>45,002</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	125,774	39,723	99,995	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>125,774</u>	<u>39,723</u>	<u>99,995</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(34,528)</u>	<u>5,279</u>	<u>(99,995)</u>	<u>15,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(22,156)	(1)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,156)</u>	<u>(1)</u>
Net Change in Fund Balances	(34,528)	5,279	(99,995)	(7,156)	(1)
FUND BALANCES - BEGINNING	<u>115,792</u>	<u>39,723</u>	<u>158,001</u>	<u>22,156</u>	<u>1</u>
FUND BALANCES - ENDING	<u>\$ 81,264</u>	<u>\$ 45,002</u>	<u>\$ 58,006</u>	<u>\$ 15,000</u>	<u>\$ -</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road and Bridge Maintenance	81,264	45,002	-	-	-
Federal Relief	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	58,006	-	-
County Buildings	-	-	-	-	-
Equipment Purchases	-	-	-	15,000	-
Property Reappraisal	-	-	-	-	-
Community Betterment	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 81,264</u>	<u>\$ 45,002</u>	<u>\$ 58,006</u>	<u>\$ 15,000</u>	<u>\$ -</u>

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

	Courthouse Improvement Sinking Fund	Road Equipment Sinking Fund	Visitors Promotion Fund	Reappraisal Fund	Preservation and Modernization Fund
RECEIPTS					
Taxes	\$ -	\$ 1	\$ 16,468	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	4,093
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	-	1	16,468	-	4,093
DISBURSEMENTS					
General Government	12,474	-	-	-	3,585
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	15,170	-	-
TOTAL DISBURSEMENTS	12,474	-	15,170	-	3,585
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(12,474)	1	1,298	-	508
OTHER FINANCING SOURCES (USES)					
Transfers in	75,000	-	-	10,000	-
Transfers out	-	(212)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	75,000	(212)	-	10,000	-
Net Change in Fund Balances	62,526	(211)	1,298	10,000	508
FUND BALANCES - BEGINNING	17,638	211	28,138	10,191	3,092
FUND BALANCES - ENDING	\$ 80,164	\$ -	\$ 29,436	\$ 20,191	\$ 3,600
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	29,436	-	-
911 Emergency Services	-	-	-	-	-
Preservation of Records	-	-	-	-	3,600
Road and Bridge Maintenance	-	-	-	-	-
Federal Relief	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
County Buildings	80,164	-	-	-	-
Equipment Purchases	-	-	-	-	-
Property Reappraisal	-	-	-	20,191	-
Community Betterment	-	-	-	-	-
TOTAL FUND BALANCES	\$ 80,164	\$ -	\$ 29,436	\$ 20,191	\$ 3,600

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

	Emergency Relief Fund	Institutions Fund	Veterans' Aid Fund	Services for Aging Fund	County Attorney Diversion Fund	Stop Diversion Program Fund
RECEIPTS						
Taxes	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Investment Income	-	-	4	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	100	360
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>4</u>	<u>1</u>	<u>100</u>	<u>360</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>4</u>	<u>1</u>	<u>100</u>	<u>360</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(12,418)	(7,068)	(8,813)	(36)	(5,899)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,418)</u>	<u>(7,068)</u>	<u>(8,813)</u>	<u>(36)</u>	<u>(5,899)</u>	<u>-</u>
Net Change in Fund Balances	(12,418)	(7,068)	(8,809)	(35)	(5,799)	360
FUND BALANCES - BEGINNING	<u>12,418</u>	<u>7,068</u>	<u>8,809</u>	<u>35</u>	<u>5,799</u>	<u>2,090</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,450</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-	-
Federal Relief	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	2,450
Road and Bridge Maintenance	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Equipment Purchases	-	-	-	-	-	-
Property Reappraisal	-	-	-	-	-	-
Community Betterment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,450</u>

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

For the Year Ended June 30, 2021

	Drug Law Enforcement and Education Fund	Sheriff Grant Fund	COVID American Rescue Plan Fund	Lottery Fund	Law Enforcement Operating Fund
RECEIPTS					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	18	-
Intergovernmental	-	-	328,263	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	11,991	-
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>328,263</u>	<u>12,009</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	-	15,000	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>328,263</u>	<u>(2,991)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(1,430)	(7)	-	-	(8,409)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,430)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>(8,409)</u>
Net Change in Fund Balances	(1,430)	(7)	328,263	(2,991)	(8,409)
FUND BALANCES - BEGINNING	<u>1,430</u>	<u>7</u>	<u>-</u>	<u>13,172</u>	<u>8,409</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$328,263</u>	<u>\$10,181</u>	<u>\$ -</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
Federal Relief	-	-	328,263	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
County Buildings	-	-	-	-	-
Equipment Purchases	-	-	-	-	-
Property Reappraisal	-	-	-	-	-
Community Betterment	-	-	-	10,181	-
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$328,263</u>	<u>\$10,181</u>	<u>\$ -</u>

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

For the Year Ended June 30, 2021

	Sheriff Commissary Fund	Predator Control Fund	Historical Society Fund	911 Emergency Services Fund	Total Nonmajor Funds
RECEIPTS					
Taxes	\$ -	\$ -	\$ -	\$ 8,495	\$ 24,965
Investment Income	-	-	-	-	22
Intergovernmental	-	-	-	-	464,511
Charges for Services	640	-	-	-	5,193
Miscellaneous	-	-	-	-	26,991
TOTAL RECEIPTS	<u>640</u>	<u>-</u>	<u>-</u>	<u>8,495</u>	<u>521,682</u>
DISBURSEMENTS					
General Government	-	-	-	-	31,059
Public Safety	-	-	-	10,650	10,650
Public Works	-	-	-	-	265,492
Culture and Recreation	-	-	-	-	15,170
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,650</u>	<u>322,371</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>640</u>	<u>-</u>	<u>-</u>	<u>(2,155)</u>	<u>199,311</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	85,000
Transfers out	-	(2,857)	(76)	-	(69,382)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(2,857)</u>	<u>(76)</u>	<u>-</u>	<u>15,618</u>
Net Change in Fund Balances	640	(2,857)	(76)	(2,155)	214,929
FUND BALANCES - BEGINNING	<u>562</u>	<u>2,857</u>	<u>76</u>	<u>7,838</u>	<u>465,513</u>
FUND BALANCES - ENDING	<u>\$ 1,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,683</u>	<u>\$ 680,442</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	29,436
911 Emergency Services	-	-	-	5,683	5,683
Preservation of Records	-	-	-	-	3,600
Road and Bridge Maintenance	-	-	-	-	126,266
Federal Relief	-	-	-	-	328,263
Committed to:					
Law Enforcement	1,202	-	-	-	3,652
Road and Bridge Maintenance	-	-	-	-	58,006
County Buildings	-	-	-	-	80,164
Equipment Purchases	-	-	-	-	15,000
Property Reappraisal	-	-	-	-	20,191
Community Betterment	-	-	-	-	10,181
TOTAL FUND BALANCES	<u>\$ 1,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,683</u>	<u>\$ 680,442</u>

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

	<u>County Clerk</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Highway Superintendent</u>	<u>Total</u>
BALANCES JULY 1, 2020	\$ 10,734	\$ 11,101	\$ 3,922	\$ 250	\$ 5	\$ 26,012
RECEIPTS						
Licenses and Permits	350	-	720	-	7,895	8,965
Charges for Services	48,131	4,795	13,853	-	-	66,779
Miscellaneous	78	-	439	297	27,512	28,326
State Fees	63,392	6,272	-	-	-	69,664
Other Liabilities	-	25,483	24,410	1,969	-	51,862
TOTAL RECEIPTS	<u>111,951</u>	<u>36,550</u>	<u>39,422</u>	<u>2,266</u>	<u>35,407</u>	<u>225,596</u>
DISBURSEMENTS						
Payments to County Treasurer	48,347	4,720	17,298	-	35,412	105,777
Payments to State Treasurer	66,161	6,426	-	-	-	72,587
Petty Cash	78	-	-	297	-	375
Other Liabilities	-	24,228	24,370	1,969	-	50,567
TOTAL DISBURSEMENTS	<u>114,586</u>	<u>35,374</u>	<u>41,668</u>	<u>2,266</u>	<u>35,412</u>	<u>229,306</u>
BALANCES JUNE 30, 2021	<u>\$ 8,099</u>	<u>\$ 12,277</u>	<u>\$ 1,676</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 22,302</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 4,266	\$ 363	\$ 1,636	\$ -	\$ -	\$ 6,265
Petty Cash	50	-	-	250	-	300
Due to State Treasurer	3,783	180	-	-	-	3,963
Due to Others	-	11,734	40	-	-	11,774
BALANCES JUNE 30, 2021	<u>\$ 8,099</u>	<u>\$ 12,277</u>	<u>\$ 1,676</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 22,302</u>

Note: The County Historical Society was removed from the Schedule of Office Activities. See Footnote 8 for more information.

HARLAN 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	\$ 11,277,526	\$ 11,313,401	\$ 11,540,689	\$ 11,642,791	\$ 11,442,657
Personal and Specials	562,727	588,992	551,154	595,819	584,665
Total	11,840,253	11,902,393	12,091,843	12,238,610	12,027,322
Corrections					
Additions	4,209	1,352	195	351	8,351
Deductions	(6,605)	(1,890)	(3,092)	(11,388)	(5,276)
Net Additions/ (Deductions)	(2,396)	(538)	(2,897)	(11,037)	3,075
Corrected Certified Tax	11,837,857	11,901,855	12,088,946	12,227,573	12,030,397
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	7,705,979	-	-	-	-
June 30, 2018	4,109,817	7,966,895	-	-	-
June 30, 2019	17,976	3,915,502	7,995,726	-	-
June 30, 2020	1,430	10,192	4,072,181	8,008,351	-
June 30, 2021	1,361	6,801	14,139	4,200,814	8,250,046
Total Net Collections	11,836,563	11,899,390	12,082,046	12,209,165	8,250,046
Total Uncollected Tax	\$ 1,294	\$ 2,465	\$ 6,900	\$ 18,408	\$ 3,780,351
Percentage Uncollected Tax	0.01%	0.02%	0.06%	0.15%	31.42%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Supervisors
Harlan County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harlan County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Harlan County's basic financial statements, and have issued our report thereon dated May 3, 2022. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Harlan County Hospital, a component unit of Harlan County.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Harlan County in a separate letter dated May 3, 2022.

Harlan County's Response to Finding

Harlan County declined to respond to the finding described above.

Purpose of this Report

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



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 3, 2022



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 3, 2022

Board of Supervisors
Harlan County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Harlan County (County) for the fiscal year ended June 30, 2021, and have issued our report thereon dated May 3, 2022. 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

Overbilled and Unsupported Custodial Expenses

The County's custodian purchased supplies and other expenses through his business, Joe Camera, and billed the County for the purchases through the claims process. However, the only documentation attached to the claims were invoices from Joe Camera listing the prices of the supplies and expenses. The claims did not contain adequate support, such as itemized receipts, bills, or other documentation to substantiate the amount billed to the County. Further, there was no formal, written agreement between Joe Camera and the County to purchase supplies on behalf of the County.

During fiscal year 2022, an item purchased by the custodian and billed to the County was returned. The County paid \$1,377 to Joe Camera for the item in September 2021. When this occurred, the County requested the original documentation for the purchase of the item. It was then that the County became aware that the amount paid by Joe Camera for the item was \$1,220, or \$157 less than the amount billed to the County. The amount overbilled for the returned item was subsequently repaid to the County along with the reimbursement for the returned item on January 11, 2022.

Additionally, the County subsequently requested support, such as receipts and bills, for all amounts billed and paid to Joe Camera through November 30, 2021. Joe Camera provided most of the support for the expenses. After the County reviewed the supporting documentation, the County requested a reimbursement of \$196 for the amount overbilled. Joe Camera paid the County the \$196 requested on February 22, 2022. However, based on a review of the supporting documentation, Joe Camera still owes the County \$327 for overbilled or unsupported charges, as shown in the table below:

Description	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Totals
Amount Overcharged	\$ 35	\$ 91	\$ 186	\$ 312
Unsupported Charges	\$ 58	\$ 74	\$ 236	\$ 368
Returned Items	\$ -	\$ -	\$ 873	\$ 873
Amount Reimbursed	\$ -	\$ -	\$ (1,226)	\$ (1,226)
Totals	\$ 93	\$ 165	\$ 69	\$ 327

Any verifiable proof of the intentional falsification of claims for expense reimbursements could be grounds for considering, among other things, the applicability of Neb. Rev. Stat. § 23-135.01 (Cum. Supp. 2020), which provides the following:

Whoever files any claim against any county as provided in section 23-135, knowing the claim to contain any false statement or representation as to a material fact, or whoever obtains or receives any money or any warrant for money from any county knowing that the claim therefor was based on a false statement or representation as to a material fact, if the amount claimed or money obtained or received or if the face value of the warrant for money shall be one thousand five hundred dollars or more, shall be guilty of a Class IV felony. If the amount is five hundred dollars or more but less than one thousand five hundred dollars, the person so offending shall be guilty of a Class II misdemeanor. If the amount is less than five hundred dollars, the person so offending shall be guilty of a Class III misdemeanor.

Moreover, Neb. Rev. Stat. § 23-3106 (Reissue 2012) of the County Purchasing Act says the following:

The purchasing agent, under the supervision of the county board, or the county board, if there is no purchasing agent, shall purchase all personal property and services required by any office, officer, department, or agency of the county government in the county, subject to the County Purchasing Act. The purchasing agent or the county board, if there is no purchasing agent, shall draw up and enforce standard specifications which shall apply to all personal property purchased for the use of the county government, shall have charge of all central storerooms operated or established by the county board, and shall transfer personal property to or between the several county offices, officers, and departments. All purchases of election ballots and election contractual services shall be made by the election commissioner or by the county clerk in counties without an election commissioner.

Additionally, good internal controls require procedures to ensure adequate documentation to substantiate rates charged to the County for supplies and expenses is attached to the claims filed with the County.

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

We recommend the County Board exercise its authority under State statute to purchase personal property required by the County. If the County Board wishes to delegate that authority to the custodian, formal action should be taken to do so, and consideration should be given to authorizing the custodian to use a County credit card to purchase supplies directly for the County. Further, we recommend the County examine and settle all claims against the County, including those for overbilled or unsupported claims. The County Board should also implement procedures to ensure a detailed review of all claims is performed prior to approval. Finally, because this comment addresses possible violation of State statute, we are forwarding the information herein to both the Nebraska Attorney General and the Harlan County Attorney for further review.

Claims Issues

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

- The County paid claims, totaling \$22,553, to certain entities to support their operations, as detailed in the following table. However, documentation for how the funds were used by those entities was not obtained and reviewed to ensure the monies were spent appropriately.

Entity	Amount
C.B. Preston Memorial Library	\$ 1,000
Harlan County CASA	\$ 10,000
Harlan County Senior Center	\$ 11,553
Total	\$ 22,553

- The County paid \$2,275 to an individual for bridge inspections. However, the County did not have a formal, written agreement with that person. Additionally, the inspector submitted no documentation, such as a list of bridges inspected, time spent, or hourly rate charged for inspections, to allow for a determination as to whether the amount paid was reasonable.
- The County Attorney’s law office was reimbursed by the County for office expenses, clerical salaries, and child support legal services. The County entered into an agreement with the County Attorney for child support legal services, which the County agreed to pay the County Attorney \$1,542 per month through June 30, 2021. However, the agreement between the County and the County Attorney’s law office for office expenses and clerical salaries stated that it would not renew after the 2009-2010 budget year. Claim reimbursements to the law office during the 2021 fiscal year totaled \$70,643, of which \$18,504 was for child support legal services, and \$52,139 was for office expenses and clerical salaries. However, no documentation was submitted to support the amounts paid for office expenses or clerical salaries.
- Payments on the County’s credit cards, totaling \$1,431, were not supported by adequate documentation. The lack of receipts for the credit card purchases at issue made it impossible for the APA to determine if the claims were filed within the 90 day statutorily required timeframe. The following table details those undocumented purchases:

Office	Description	Amount
County Sheriff	Fuel/Office Equipment	\$ 1,316
County Sheriff	Fuel	\$ 38
County Sheriff	Fuel	\$ 77
Total		\$ 1,431

- The County Board approved claim #20100024, totaling \$1,590, to Eagle Communications on October 6, 2020. However, the County Clerk paid \$1,296 to Eagle Communications, or \$294 less than the amount approved by the County Board, which agreed to the invoice for telephone, internet, and fees.
- We noted that the County Board approved two claims for \$529 each to Office Solutions Associates for supplies for the County Sheriff’s Office on October 6, 2020, and November 4, 2020. However, the documentation attached to both claims was for invoice #202256 for supplies purchased on September 4, 2020. The County was not aware of these duplicate payments, and no refund or credit has been issued by Office Solutions Associates.
- The County purchased a 2021 Chevrolet Silverado in March 2021 for \$33,374 from Tripe Motors Co.; however, the County did not obtain three informal bids prior to the purchase.

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

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

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

* * * *

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

* * * *

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

Additionally, Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states, in part, “All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed”

Neb. Rev. Stat. § 23-3108(1)(b) (Cum. Supp. 2020) states, “[P]urchases of personal property or services provided by the County Board or purchasing agent shall be made . . . [b]y securing and recording at least three informal bids, if practicable, if the estimated value of the purchase is equal to or exceeds ten thousand dollars, but is less than fifty thousand dollars[.]”

Further, good internal control and sound business practices require procedures to ensure that: 1) any grant of public funds is supported by adequate documentation showing that monies were spent appropriately; 2) service agreements entered into by the County are memorialized in a written document containing all of the details of the understanding between the parties thereto; 3) claim reimbursements are supported by adequate documentation; 4) County credit card purchases are supported by itemized receipts; and 5) a periodic review of expenditures is performed to prevent payments from being made multiple times and for the incorrect amounts.

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

A similar finding was noted in the prior audit.

We recommend the County implement procedures to ensure any payment of public funds is supported by adequate documentation showing that the monies were spent appropriately. Those same procedures should ensure also that all County service agreements are memorialized in a written agreement, both claim reimbursements and County credit card purchases are supported by appropriate documentation, and all claims are reviewed prior to approval to ensure that they are not duplicate payments.

County Vehicle Usage

We noted that the Highway Superintendent and a Road Department foreman were allowed to use a County-owned vehicle to commute to and from work; however, neither employee kept documentation of the number of days worked during the year. As a result, the \$3 per day added to their taxable income, as required by IRS regulations, was based on an estimated number of days worked during the calendar year instead of the actual number of days. During calendar year 2021, the County Highway Superintendent had \$627, or 209 working days, and the Road Department foreman had \$120, or 40 working days, added to their wages as a vehicle benefit.

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

Additionally, good internal controls require procedures to ensure that adequate documentation of days worked for an employee’s use of a County-owned vehicle is properly maintained and used to calculate the employee’s taxable benefit.

We recommend the County implement procedures to ensure adequate documentation of days worked for an employee's use of a County-owned vehicle is properly maintained.

Payroll Issues

During our testing of payroll, we noted the following:

- The County's elected officials received a 2.8% salary increase for calendar year 2020. However, Harlan County Board Resolution #1-2018 stated that the salary for County elected officials "shall increase each year of the elected term by the Social Security Cost of Living Adjustment, not to be less than 1% or greater than 5%." The Social Security Cost of Living Adjustment for 2020 was 1.6%, which was 1.2% less than the increase the elected officials received. Further, there was no documentation on file that the County Board approved the additional 1.2% increase above the Social Security Cost of Living Adjustment.
- The 2020 salary paid to the County Sheriff was in excess of the amount approved by the County Board. The County Board approved a salary of \$57,000 for calendar year 2019 for the County Sheriff, which increased to \$57,912 based on the 1.6% Social Security Cost of Living Adjustment for calendar year 2020. However, the Sheriff was paid \$67,433, or an additional salary of \$9,521. It appears this additional pay is to compensate the County Sheriff for being the Emergency Manager.
- Vacation and sick leave were not tracked or accrued properly for one of three employees tested. The employee had been employed at the County for over a year and typically worked 35 hours each week and seven hours each day. Based on the County Handbook, the employee should have earned seven hours of vacation and sick leave per month. However, payroll records showed that the employee did not use or accrue any vacation or sick leave during the fiscal year.
- There was no documented approval for two of three employees' pay rates tested.
- For one of three employees tested, the employee listed two exemptions on his or her IRS Form W-4 on file; however, his or her pay was based on one exemption. As a result, the employee's Federal and State taxes were not correctly calculated and paid.

Neb. Rev. Stat. § 23-1114(1) (Reissue 2012) states the following:

The salaries of all elected officers of the county shall be fixed by the county board prior to January 15 of the year in which a general election will be held for the respective offices.

Neb. Rev. Stat. § 23-1114.08 (Reissue 2012) provides the following:

When the same person occupies more than one office in the same county, he shall receive only one minimum annual salary.

Harlan County Board Resolution #1-2018 states, "[W]ith prior Board approval, Elected Officials are also entitled to and may be compensated for duties, labors and responsibilities performed for the County that would clearly exist outside of their respective offices"

Per the Harlan County Handbook (Handbook), employees with one to four years of service accrue one day of vacation leave per month, and employees who work 35 hours per week shall accrue seven hours of sick leave each month.

Good internal controls require procedures to ensure that sufficient records are maintained to support all payroll transactions. Those same procedures should ensure also that all employees are documenting hours worked, and leave is accrued in accordance with the Handbook. Additionally, those same procedures should require that the County Board review employee leave balances, accruals, and usage to ensure compliance with the applicable provisions of the Handbook.

Without such procedures, there is an increased risk of the County paying incorrect payroll amounts to its employees, employees using or accruing unearned leave, and the loss or misuse of funds.

We recommend the County Board ensure that the salaries paid to elected officials agree to the Board authorized amounts. We also recommend the County implement procedures to ensure sufficient records are maintained to support all payroll transactions, leave is accrued in accordance with the Handbook, and the County Board reviews leave balances, accruals, and usage.

County Clerk Response: Vacation and sick leave have been corrected with the County Board approval of the new personnel manual, IRS Forms have been corrected.

Inventory Issues

We noted that the County Building and Grounds and the County Real Estate inventory statements were not filed with the County Board after the close of fiscal year 2020. Further, the County Board, County Caretaker, and County Surveyor inventory statements were filed after August 31, 2020.

Additionally, we noted that one item, a Dell Optiplex 3010 Computer, valued at \$550, was included on both the Veterans' Service Officer's 2020 and 2021 inventory listings; however, the County was unable to locate the computer.

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

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

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

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

A good internal control plan requires procedures to ensure both the annual filing of the statutorily required County inventory statements and the accuracy and completeness of those statements.

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

A similar finding was noted in the prior audit.

We recommend the implementation of procedures to ensure all annual inventory statements are filed in accordance with State statute, and those filings are complete and accurate.

COUNTY CLERK

Imprest Account Reconciliation

We noted that a complete and accurate bank reconciliation of the County Board's Imprest checking account was not performed during the fiscal year. The lack of reconciliation resulted in a variance of \$665 in the account as of June 30, 2021.

Based on a discussion with the County Clerk's Office, \$633 of the variance consists of outstanding checks due to the State Treasurer that have not been remitted; however, it is unknown what makes up the remaining balance of \$32 held in the account.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Supp. 2021) requires such property, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

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

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

A similar finding was noted in past audits.

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

County Clerk Response: The outstanding checks have now cleared the bank.

COUNTY SHERIFF

Accounting Procedures

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

- At June 30, 2021, office records indicated an unexplained cash long of \$336. The County Sheriff was unable to identify the proper recipient(s) of these funds.
- A monthly asset-to-liability reconciliation was not performed for the bank account maintained by the County Sheriff.
- The County Sheriff's office purchased a set of checks in June 2021 for \$103; however, no claim had been submitted to the County Board for reimbursement of the expense as of March 2022.
- During our review of the County Sheriff's accounts receivable balances, we noted that four account receivable balances, totaling \$95, were removed from the office's records. However, the County Sheriff failed to obtain County Board approval to write off these balances.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) provides the following:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) states, “The county board shall manage the county funds and county business except as otherwise specifically provided.”

Additionally, good internal control and sound business practices require procedures to ensure that office assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, and accounts payable), and any variances noted are resolved timely.

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

A similar finding was noted in past audits.

We recommend the County Sheriff implement procedures to ensure office assets agree with office liabilities, and any variances noted are resolved timely. Those same procedures should ensure also that all claims are filed timely, in accordance with State statute.

Petty Cash

The County Sheriff was authorized to maintain a \$1,000 petty cash fund; however, based on a discussion with the County Sheriff’s office, the office never received these funds from the County. The 2021-2022 budget message listed the County Sheriff as having a \$1,000 petty cash fund.

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

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

Good internal controls require procedures to ensure that petty cash funds are maintained, reconciled to, and reported at the amounts authorized by the County Board

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

A similar finding was noted in the prior year audit.

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

COUNTY OVERALL

Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

This issue was also noted in prior audits.

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

* * * * *

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

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



Mark Avery, CPA
Assistant Deputy Auditor