

**AUDIT REPORT
OF
CASS COUNTY**

JULY 1, 2017, THROUGH JUNE 30, 2018

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Issued on March 26, 2019

CASS COUNTY

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CASS COUNTY
346 Main St
Plattsmouth, NE 68048

LIST OF COUNTY OFFICIALS
At June 30, 2018

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Janet McCartney	Jan. 2019
	Dale Sharp	Jan. 2021
	Duane Murdoch	Jan. 2021
	Dan Henry	Jan. 2021
	Jim Peterson	Jan. 2019
Assessor	Lori Huebner	Jan. 2019
Attorney	S. Colin Palm	Jan. 2019
Clerk	Geri Draper	Jan. 2019
Register of Deeds	David Jordan	Jan. 2019
Clerk of the District Court	Barbara Prokupek	Jan. 2019
Sheriff	William Brueggeman	Jan. 2019
Surveyor	Charles Jordan	Jan. 2019
Treasurer	Richard Wassinger	Jan. 2019
Election Commissioner	Linn Moore	Appointed
Veterans' Service Officer	Gloria Swires	Appointed
Weed Superintendent	Rand Group	Appointed
Highway Superintendent	Lenny Thorne	Appointed
Emergency Manager	Sandy Weyers	Appointed
Planning and Zoning	Mike Jensen	Appointed



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CASS COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cass 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 Cass County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Cass County as of June 30, 2018, 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 18-33, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2019, on our consideration of Cass County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cass County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

March 19, 2019

CASS COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2018

		Governmental Activities
<hr/>		
ASSETS		
Cash and Cash Equivalents (Note 1.D)	\$	1,818,671
Investments (Note 1.D)		8,968,919
TOTAL ASSETS	\$	10,787,590
<hr/> <hr/>		
 NET POSITION		
Restricted for:		
Visitor Promotion	\$	225,786
911 Emergency Services		257,783
Drug Education		9,529
Law Enforcement		15,769
Preservation of Records		62,608
Economic Development		18,059
Road Maintenance		946
Emergency Management		56,959
Unrestricted		10,140,151
TOTAL NET POSITION	\$	10,787,590
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The notes to the financial statements are an integral part of this statement.

CASS COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2018

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	\$ (8,153,636)	\$ 1,083,095	\$ 141,166	\$ (6,929,375)
Public Safety	(6,782,116)	2,027,703	273,599	(4,480,814)
Public Works	(8,396,003)	571	3,531,105	(4,864,327)
Public Assistance	(150,445)	-	-	(150,445)
Culture and Recreation	(251,016)	-	-	(251,016)
Total Governmental Activities	<u>\$ (23,733,216)</u>	<u>\$ 3,111,369</u>	<u>\$ 3,945,870</u>	<u>(16,675,977)</u>

General Receipts:

Property Taxes	15,454,687
Grants and Contributions Not Restricted to Specific Programs	1,693,776
Investment Income	126,985
Licenses and Permits	202,040
Miscellaneous	461,207
Total General Receipts	<u>17,938,695</u>

Increase in Net Position	1,262,718
Net Position - Beginning of year	9,524,872
Net Position - End of year	<u>\$ 10,787,590</u>

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

CASS COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 445,385	\$ 500,585	\$ -	\$ 872,701	\$ 1,818,671
Investments (Note 1.D)	4,216,819	400,000	4,342,065	10,035	8,968,919
TOTAL ASSETS	\$ 4,662,204	\$ 900,585	\$ 4,342,065	\$ 882,736	\$ 10,787,590
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	225,786	225,786
911 Emergency Services	-	-	-	257,783	257,783
Drug Education	-	-	-	9,529	9,529
Law Enforcement	-	-	-	15,769	15,769
Preservation of Records	-	-	-	62,608	62,608
Economic Development	-	-	-	18,059	18,059
Road Maintenance	-	-	-	946	946
Emergency Management	-	-	-	56,959	56,959
Committed to:					
Law Enforcement	-	-	-	9,589	9,589
Road Maintenance	-	900,585	-	97,896	998,481
Aid and Assistance	-	-	-	68,032	68,032
Compressed Gas Program	-	-	-	10,000	10,000
Unemployment Benefits	-	-	-	34,520	34,520
Historical Society	-	-	-	2,547	2,547
Noxious Weed Control	-	-	-	12,713	12,713
Assigned to:					
Other Purposes	-	-	4,342,065	-	4,342,065
Unassigned	4,662,204	-	-	-	4,662,204
TOTAL CASH BASIS FUND BALANCES	\$ 4,662,204	\$ 900,585	\$ 4,342,065	\$ 882,736	\$ 10,787,590

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

CASS COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 13,947,537	\$ -	\$ 1,152,112	\$ 355,038	\$ 15,454,687
Licenses and Permits	202,040	-	-	-	202,040
Investment Income	126,985	-	-	-	126,985
Intergovernmental	1,487,794	3,531,957	-	619,895	5,639,646
Charges for Services	3,084,908	571	-	25,890	3,111,369
Miscellaneous	354,141	5,120	-	101,946	461,207
TOTAL RECEIPTS	<u>19,203,405</u>	<u>3,537,648</u>	<u>1,152,112</u>	<u>1,102,769</u>	<u>24,995,934</u>
DISBURSEMENTS					
General Government	7,950,779	-	202,857	-	8,153,636
Public Safety	6,536,547	-	-	245,569	6,782,116
Public Works	83,435	6,922,166	-	1,390,402	8,396,003
Public Assistance	87,615	-	-	62,830	150,445
Culture and Recreation	-	-	-	251,016	251,016
TOTAL DISBURSEMENTS	<u>14,658,376</u>	<u>6,922,166</u>	<u>202,857</u>	<u>1,949,817</u>	<u>23,733,216</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>4,545,029</u>	<u>(3,384,518)</u>	<u>949,255</u>	<u>(847,048)</u>	<u>1,262,718</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	243,972	4,100,524	-	132,557	4,477,053
Transfers out	(4,172,987)	-	(60,000)	(244,066)	(4,477,053)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,929,015)</u>	<u>4,100,524</u>	<u>(60,000)</u>	<u>(111,509)</u>	<u>-</u>
Net Change in Fund Balances	616,014	716,006	889,255	(958,557)	1,262,718
CASH BASIS FUND BALANCES - BEGINNING	<u>4,046,190</u>	<u>184,579</u>	<u>3,452,810</u>	<u>1,841,293</u>	<u>9,524,872</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 4,662,204</u>	<u>\$ 900,585</u>	<u>\$ 4,342,065</u>	<u>\$ 882,736</u>	<u>\$ 10,787,590</u>

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

CASS COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2018

		Agency Funds
ASSETS		
Cash and Cash Equivalents	\$	5,166,825
Investments		1,551,721
TOTAL ASSETS		6,718,546
 LIABILITIES		
Due to other governments		
State		740,518
Schools		2,156,602
Educational Service Units		6,636
Technical College		39,617
Natural Resource Districts		14,027
Fire Districts		13,856
Municipalities		113,468
Agricultural Society		1,563
Cemetery Districts		250
Sanitary and Improvement Districts		3,591,801
Others		40,208
TOTAL LIABILITIES		6,718,546
 TOTAL NET ASSETS	 \$	 -

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

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2018

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

Behavioral Health Region VI – 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 VI (Region) consists of the following counties: Dodge, Washington, Douglas, Sarpy, and Cass.

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 \$68,517 toward the operation of the Region during fiscal year 2018. 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.

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the Sarpy Cass Department of Health and Wellness (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 2018. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

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

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

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

Debt Service Fund. The Law Enforcement Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as follows:

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

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

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

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

C. Measurement Focus, Basis of Accounting

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

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

D. Assets and Net Position

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

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

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$647,439 of restricted net position, which is fully restricted by enabling legislation.

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

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

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

Excess of Disbursements Over Appropriations. For the year ended June 30, 2018, disbursements exceeded budgeted appropriations in the public defender function of the General Fund by \$9,691 and in the Road Sinking Fund by \$526. These over-expenditures were funded by the available fund balance in the Funds.

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 \$1,818,671 for County funds and \$5,166,825 for Fiduciary funds. The bank balances for all funds totaled \$7,180,826. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$8,968,919 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$1,551,721 for Fiduciary Funds. NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. Property Taxes

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

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

The levy set in October 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.388348/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.371015/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property 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.

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) 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, 2018, 220 employees contributed \$430,641, and the County contributed \$633,755. Contributions included \$26,886 in cash contributions towards the supplemental law enforcement plan for 50 law enforcement employees. Lastly, the County paid \$1,416 directly to seven 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 91 counties and local governments throughout Nebraska.

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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

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

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

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

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>			<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
Road Fund	\$ 4,100,524	\$ -	\$ -	\$ 4,100,524
General Fund	-	-	243972	243972
Nonmajor Funds	72,463	60,000	94	132,577
Total	<u>\$ 4,172,987</u>	<u>\$ 60,000</u>	<u>\$ 244,066</u>	<u>\$ 4,477,053</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, 2018, the County closed the Law Enforcement Bond fund and transferred the remaining fund balance of \$125,405 to the General Fund.

CASS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. Contingent Liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 15,901,112	\$ 15,901,112	\$ 13,947,537	\$ (1,953,575)
Licenses and Permits	199,900	199,900	202,040	2,140
Interest	40,000	40,000	126,985	86,985
Intergovernmental	424,146	424,146	1,487,794	1,063,648
Charges for Services	2,938,454	2,938,454	3,084,908	146,454
Miscellaneous	148,646	148,646	354,141	205,495
TOTAL RECEIPTS	<u>19,652,258</u>	<u>19,652,258</u>	<u>19,203,405</u>	<u>(448,853)</u>
DISBURSEMENTS				
General Government:				
County Board	146,951	146,951	142,372	4,579
County Clerk	238,247	238,247	202,619	35,628
County Treasurer	451,721	451,721	426,025	25,696
Register of Deeds	245,129	245,129	241,385	3,744
County Assessor	295,133	295,133	239,284	55,849
Election Commissioner	157,834	157,834	142,927	14,907
Building and Zoning	186,549	186,549	178,820	7,729
Clerk of the District Court	202,572	202,572	193,532	9,040
County Court System	24,100	24,100	23,044	1,056
District Judge	57,774	57,774	55,527	2,247
Public Defender	253,347	253,347	263,038	(9,691)
Building and Grounds	155,588	155,588	148,539	7,049
Reappraisal	356,135	356,135	332,098	24,037
Agricultural Extension Agent	112,816	112,816	106,461	6,355
GIS Department	124,389	124,389	98,441	25,948
Data Processing Department	284,384	284,384	259,665	24,719
Miscellaneous	5,196,032	5,196,032	4,897,002	299,030
Public Safety				
County Sheriff	3,152,832	3,152,832	2,932,419	220,413
County Attorney	541,599	541,599	483,517	58,082
County Jail	2,643,074	2,643,074	2,342,384	300,690
Emergency Management	774,479	774,479	735,944	38,535
Child Support	46,108	46,108	42,283	3,825
Public Works				
County Surveyor	66,919	66,919	63,889	3,030
Noxious Weed Control	90,164	90,164	-	90,164
Recycle	28,385	28,385	19,546	8,839
Public Assistance				
Veterans' Service Officer	90,986	90,986	87,615	3,371
TOTAL DISBURSEMENTS	<u>15,923,247</u>	<u>15,923,247</u>	<u>14,658,376</u>	<u>1,264,871</u>

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	3,729,011	3,729,011	4,545,029	816,018
OTHER FINANCING SOURCES (USES)				
Transfers in	136,659	136,659	243,972	107,313
Transfers out	(4,173,167)	(4,173,167)	(4,172,987)	180
TOTAL OTHER FINANCING SOURCES (USES)	(4,036,508)	(4,036,508)	(3,929,015)	107,493
Net Change in Fund Balance	(307,497)	(307,497)	616,014	923,511
FUND BALANCE - BEGINNING	4,046,190	4,046,190	4,046,190	-
FUND BALANCE - ENDING	<u>\$ 3,738,693</u>	<u>\$ 3,738,693</u>	<u>\$ 4,662,204</u>	<u>\$ 923,511</u>

(Concluded)

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 4,083,933	\$ 4,083,933	\$ 3,531,957	\$ (551,976)
Charges for Services	-	-	571	571
Miscellaneous	1,000	1,000	5,120	4,120
TOTAL RECEIPTS	4,084,933	4,084,933	3,537,648	(547,285)
DISBURSEMENTS	9,120,036	9,120,036	6,922,166	2,197,870
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(5,035,103)	(5,035,103)	(3,384,518)	1,650,585
OTHER FINANCING SOURCES (USES)				
Transfers in	5,150,524	5,150,524	4,100,524	(1,050,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,150,524	5,150,524	4,100,524	(1,050,000)
Net Change in Fund Balance	115,421	115,421	716,006	600,585
FUND BALANCE - BEGINNING	184,579	184,579	184,579	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 900,585	\$ 600,585
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 550,000	\$ 550,000	\$ 1,152,112	\$ 602,112
TOTAL RECEIPTS	550,000	550,000	1,152,112	602,112
DISBURSEMENTS	600,000	600,000	202,857	397,143
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(50,000)	(50,000)	949,255	999,255
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,050,000)	(1,050,000)	(60,000)	990,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,050,000)	(1,050,000)	(60,000)	990,000
Net Change in Fund Balance	(1,100,000)	(1,100,000)	889,255	1,989,255
FUND BALANCE - BEGINNING	3,452,810	3,452,810	3,452,810	-
FUND BALANCE - ENDING	\$ 2,352,810	\$ 2,352,810	\$ 4,342,065	\$ 1,989,255

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD SINKING FUND				
Receipts	\$ -	\$ -	\$ 97,896	\$ 97,896
Disbursements	(135,000)	(135,000)	(135,526)	(526)
Net Change in Fund Balance	(135,000)	(135,000)	(37,630)	97,370
Fund Balance - Beginning	135,526	135,526	135,526	-
Fund Balance - Ending	<u>\$ 526</u>	<u>\$ 526</u>	<u>\$ 97,896</u>	<u>\$ 97,370</u>
ROAD BUYBACK FUND				
Receipts	\$ 337,965	\$ 337,965	\$ 337,965	\$ -
Disbursements	(700,000)	(1,183,254)	(1,182,305)	949
Net Change in Fund Balance	(362,035)	(845,289)	(844,340)	949
Fund Balance - Beginning	845,286	845,286	845,286	-
Fund Balance - Ending	<u>\$ 483,251</u>	<u>\$ (3)</u>	<u>\$ 946</u>	<u>\$ 949</u>
JUVENILE DIVERSION FUND				
Receipts	\$ 39,012	\$ 39,012	\$ 36,725	\$ (2,287)
Disbursements	(38,196)	(38,196)	(32,578)	5,618
Net Change in Fund Balance	816	816	4,147	3,331
Fund Balance - Beginning	1,184	1,184	1,184	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 5,331</u>	<u>\$ 3,331</u>
VISITOR PROMOTION FUND				
Receipts	\$ 75,001	\$ 75,001	\$ 87,920	\$ 12,919
Disbursements	(112,906)	(112,906)	(62,806)	50,100
Net Change in Fund Balance	(37,905)	(37,905)	25,114	63,019
Fund Balance - Beginning	37,905	37,905	37,905	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,019</u>	<u>\$ 63,019</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 75,000	\$ 75,000	\$ 87,920	\$ 12,920
Disbursements	(298,057)	(298,057)	(148,210)	149,847
Net Change in Fund Balance	(223,057)	(223,057)	(60,290)	162,767
Fund Balance - Beginning	223,057	223,057	223,057	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,767</u>	<u>\$ 162,767</u>

(Continued)

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 24,000	\$ 24,000	\$ 22,930	\$ (1,070)
Disbursements	(63,678)	(63,678)	-	63,678
Net Change in Fund Balance	(39,678)	(39,678)	22,930	62,608
Fund Balance - Beginning	39,678	39,678	39,678	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,608</u>	<u>\$ 62,608</u>
EMPLOYMENT SECURITY FUND				
Receipts	\$ 5	\$ 5	\$ 23	\$ 18
Disbursements	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	(19,995)	(19,995)	23	20,018
Fund Balance - Beginning	34,497	34,497	34,497	-
Fund Balance - Ending	<u>\$ 14,502</u>	<u>\$ 14,502</u>	<u>\$ 34,520</u>	<u>\$ 20,018</u>
POOR RELIEF FUND				
Receipts	\$ 125	\$ 125	\$ 65	\$ (60)
Disbursements	(36,000)	(36,000)	(7,000)	29,000
Net Change in Fund Balance	(35,875)	(35,875)	(6,935)	28,940
Fund Balance - Beginning	39,698	39,698	39,698	-
Fund Balance - Ending	<u>\$ 3,823</u>	<u>\$ 3,823</u>	<u>\$ 32,763</u>	<u>\$ 28,940</u>
INSTITUTIONS FUND				
Receipts	\$ 26,886	\$ 26,886	\$ 21,430	\$ (5,456)
Disbursements	(22,000)	(82,000)	(45,830)	36,170
Transfers in	-	-	60,000	60,000
Net Change in Fund Balance	4,886	(55,114)	35,600	90,714
Fund Balance - Beginning	(1,886)	(1,886)	(1,886)	-
Fund Balance - Ending	<u>\$ 3,000</u>	<u>\$ (57,000)</u>	<u>\$ 33,714</u>	<u>\$ 90,714</u>
VETERANS' AID FUND				
Receipts	\$ 10,294	\$ 10,294	\$ 7,849	\$ (2,445)
Disbursements	(12,000)	(12,000)	(10,000)	2,000
Net Change in Fund Balance	(1,706)	(1,706)	(2,151)	(445)
Fund Balance - Beginning	3,706	3,706	3,706	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 1,555</u>	<u>\$ (445)</u>

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ 100	\$ 100
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	100	100
Fund Balance - Beginning	9,429	9,429	9,429	-
Fund Balance - Ending	<u>\$ 9,429</u>	<u>\$ 9,429</u>	<u>\$ 9,529</u>	<u>\$ 100</u>
DARE FUND				
Receipts	\$ 12	\$ 12	\$ 3,986	\$ 3,974
Disbursements	-	-	-	-
Transfers out	(12,653)	(12,653)	(16,627)	(3,974)
Net Change in Fund Balance	(12,641)	(12,641)	(12,641)	-
Fund Balance - Beginning	12,641	12,641	12,641	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JUVENILE DIVERSION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,200)	(4,200)	-	4,200
Net Change in Fund Balance	(4,200)	(4,200)	-	4,200
Fund Balance - Beginning	4,201	4,201	4,201	-
Fund Balance - Ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 4,201</u>	<u>\$ 4,200</u>
HOMELAND SECURITY FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(57)	(57)	-	57
Net Change in Fund Balance	(57)	(57)	-	57
Fund Balance - Beginning	57	57	57	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 57</u>
FEMA GRANT FUND				
Receipts	\$ 100,000	\$ 100,000	\$ 116,578	\$ 16,578
Disbursements	(171,187)	(171,187)	(80,806)	90,381
Transfers out	-	-	(50,000)	(50,000)
Net Change in Fund Balance	(71,187)	(71,187)	(14,228)	56,959
Fund Balance - Beginning	71,187	71,187	71,187	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,959</u>	<u>\$ 56,959</u>

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PRIVATE GRANT FUND				
Receipts	\$ -	\$ -	\$ 10,854	\$ 10,854
Disbursements	(7,404)	(27,404)	(10,854)	16,550
Net Change in Fund Balance	(7,404)	(27,404)	-	27,404
Fund Balance - Beginning	7,404	7,404	7,404	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 7,404</u>	<u>\$ 27,404</u>
NET GRANT FUND				
Receipts	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Disbursements	(510,000)	(510,000)	-	510,000
Net Change in Fund Balance	(10,000)	(10,000)	-	10,000
Fund Balance - Beginning	10,000	10,000	10,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
NDEQ GRANT FUND				
Receipts	\$ 29,999	\$ 29,999	\$ -	\$ (29,999)
Disbursements	(48,058)	(48,058)	-	48,058
Net Change in Fund Balance	(18,059)	(18,059)	-	18,059
Fund Balance - Beginning	18,059	18,059	18,059	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,059</u>	<u>\$ 18,059</u>
CRIME COMMISSION FUND				
Receipts	\$ 60,622	\$ 60,622	\$ 59,180	\$ (1,442)
Disbursements	(71,449)	(71,449)	(54,238)	17,211
Net Change in Fund Balance	(10,827)	(10,827)	4,942	15,769
Fund Balance - Beginning	10,827	10,827	10,827	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,769</u>	<u>\$ 15,769</u>
E911 WIRELESS FUND				
Receipts	\$ 80,000	\$ 80,000	\$ 82,288	\$ 2,288
Disbursements	(227,714)	(227,714)	(36,246)	191,468
Transfers in	-	-	94	94
Transfers out	-	-	(51,923)	(51,923)
Net Change in Fund Balance	(147,714)	(147,714)	(5,787)	141,927
Fund Balance - Beginning	147,714	147,714	147,714	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,927</u>	<u>\$ 141,927</u>

CASS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
NOXIOUS WEED FUND				
Receipts	\$ 2,700	\$ 2,700	\$ -	\$ (2,700)
Disbursements	(90,164)	(90,164)	(72,571)	17,593
Transfers in	72,643	72,643	72,463	(180)
Net Change in Fund Balance	(14,821)	(14,821)	(108)	14,713
Fund Balance - Beginning	12,821	12,821	12,821	-
Fund Balance - Ending	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ 12,713</u>	<u>\$ 14,713</u>
HISTORICAL SOCIETY FUND				
Receipts	\$ 39,177	\$ 39,177	\$ 40,724	\$ 1,547
Disbursements	(40,000)	(40,000)	(40,000)	-
Net Change in Fund Balance	(823)	(823)	724	1,547
Fund Balance - Beginning	1,823	1,823	1,823	-
Fund Balance - Ending	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 2,547</u>	<u>\$ 1,547</u>
E911 SERVICE FUND				
Receipts	\$ 80,000	\$ 80,000	\$ 86,920	\$ 6,920
Disbursements	(132,473)	(132,473)	(30,847)	101,626
Transfers out	-	-	(94)	(94)
Net Change in Fund Balance	(52,473)	(52,473)	55,979	108,452
Fund Balance - Beginning	52,473	52,473	52,473	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,452</u>	<u>\$ 108,452</u>
LAW ENFORCEMENT BOND FUND				
Receipts	\$ -	\$ -	\$ 1,416	\$ 1,416
Disbursements	-	-	-	-
Transfers out	(124,006)	(124,006)	(125,422)	(1,416)
Net Change in Fund Balance	(124,006)	(124,006)	(124,006)	-
Fund Balance - Beginning	124,006	124,006	124,006	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

CASS COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Road Sinking Fund	Road Buyback Fund	Juvenile Diversion Fund	Visitor Promotion Fund	Visitor Improvement Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 30,930	\$ 87,920	\$ 87,920
Intergovernmental	-	337,965	2,835	-	-
Charges for Services	-	-	2,960	-	-
Miscellaneous	97,896	-	-	-	-
TOTAL RECEIPTS	<u>97,896</u>	<u>337,965</u>	<u>36,725</u>	<u>87,920</u>	<u>87,920</u>
DISBURSEMENTS					
Public Safety	-	-	32,578	-	-
Public Works	135,526	1,182,305	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	62,806	148,210
TOTAL DISBURSEMENTS	<u>135,526</u>	<u>1,182,305</u>	<u>32,578</u>	<u>62,806</u>	<u>148,210</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(37,630)</u>	<u>(844,340)</u>	<u>4,147</u>	<u>25,114</u>	<u>(60,290)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(37,630)	(844,340)	4,147	25,114	(60,290)
FUND BALANCES - BEGINNING	<u>135,526</u>	<u>845,286</u>	<u>1,184</u>	<u>37,905</u>	<u>223,057</u>
FUND BALANCES - ENDING	<u>\$ 97,896</u>	<u>\$ 946</u>	<u>\$ 5,331</u>	<u>\$ 63,019</u>	<u>\$ 162,767</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	63,019	162,767
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Economic Development	-	-	-	-	-
Road Maintenance	-	946	-	-	-
Emergency Management	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	5,331	-	-
Road Maintenance	97,896	-	-	-	-
Aid and Assistance	-	-	-	-	-
Compressed Gas Program	-	-	-	-	-
Unemployment Benefits	-	-	-	-	-
Historical Society	-	-	-	-	-
Noxious Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 97,896</u>	<u>\$ 946</u>	<u>\$ 5,331</u>	<u>\$ 63,019</u>	<u>\$ 162,767</u>

CASS COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Register of Deeds Preservation Fund	Employment Security Fund	Poor Relief Fund	Institutions Fund	Veterans' Aid Fund
RECEIPTS					
Property Taxes	\$ -	\$ 23	\$ 8	\$ 19,289	\$ 7,036
Intergovernmental	-	-	57	2,141	813
Charges for Services	22,930	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>22,930</u>	<u>23</u>	<u>65</u>	<u>21,430</u>	<u>7,849</u>
DISBURSEMENTS					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	7,000	45,830	10,000
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>45,830</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>22,930</u>	<u>23</u>	<u>(6,935)</u>	<u>(24,400)</u>	<u>(2,151)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	60,000	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
Net Change in Fund Balances	22,930	23	(6,935)	35,600	(2,151)
FUND BALANCES - BEGINNING	<u>39,678</u>	<u>34,497</u>	<u>39,698</u>	<u>(1,886)</u>	<u>3,706</u>
FUND BALANCES - ENDING	<u>\$ 62,608</u>	<u>\$ 34,520</u>	<u>\$ 32,763</u>	<u>\$ 33,714</u>	<u>\$ 1,555</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	62,608	-	-	-	-
Economic Development	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Emergency Management	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	32,763	33,714	1,555
Compressed Gas Program	-	-	-	-	-
Unemployment Benefits	-	34,520	-	-	-
Historical Society	-	-	-	-	-
Noxious Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 62,608</u>	<u>\$ 34,520</u>	<u>\$ 32,763</u>	<u>\$ 33,714</u>	<u>\$ 1,555</u>

CASS COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Drug Law Enforcement Fund	DARE Fund	Juvenile Diversion Fund	Homeland Security Fund	FEMA Grant Fund
RECEIPTS					
Property Taxes	\$ -	\$ 36	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	116,578
Charges for Services	-	-	-	-	-
Miscellaneous	100	3,950	-	-	-
TOTAL RECEIPTS	<u>100</u>	<u>3,986</u>	<u>-</u>	<u>-</u>	<u>116,578</u>
DISBURSEMENTS					
Public Safety	-	-	-	-	80,806
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,806</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>100</u>	<u>3,986</u>	<u>-</u>	<u>-</u>	<u>35,772</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(16,627)	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(16,627)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balances	100	(12,641)	-	-	(14,228)
FUND BALANCES - BEGINNING	<u>9,429</u>	<u>12,641</u>	<u>4,201</u>	<u>57</u>	<u>71,187</u>
FUND BALANCES - ENDING	<u>\$ 9,529</u>	<u>\$ -</u>	<u>\$ 4,201</u>	<u>\$ 57</u>	<u>\$ 56,959</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	9,529	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Economic Development	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Emergency Management	-	-	-	-	56,959
Committed to:					
Law Enforcement	-	-	4,201	57	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Compressed Gas Program	-	-	-	-	-
Unemployment Benefits	-	-	-	-	-
Historical Society	-	-	-	-	-
Noxious Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 9,529</u>	<u>\$ -</u>	<u>\$ 4,201</u>	<u>\$ 57</u>	<u>\$ 56,959</u>

CASS COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Private Grant Fund	Net Grant Fund	NDEQ Grant Fund	Crime Commission Fund	E911 Wireless Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,854	-	-	59,180	82,288
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>10,854</u>	<u>-</u>	<u>-</u>	<u>59,180</u>	<u>82,288</u>
DISBURSEMENTS					
Public Safety	10,854	-	-	54,238	36,246
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>10,854</u>	<u>-</u>	<u>-</u>	<u>54,238</u>	<u>36,246</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,942</u>	<u>46,042</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	94
Transfers out	-	-	-	-	(51,923)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,829)</u>
Net Change in Fund Balances	-	-	-	4,942	(5,787)
FUND BALANCES - BEGINNING	<u>7,404</u>	<u>10,000</u>	<u>18,059</u>	<u>10,827</u>	<u>147,714</u>
FUND BALANCES - ENDING	<u>\$ 7,404</u>	<u>\$ 10,000</u>	<u>\$ 18,059</u>	<u>\$ 15,769</u>	<u>\$ 141,927</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	7,404	-	-	-	141,927
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	15,769	-
Preservation of Records	-	-	-	-	-
Economic Development	-	-	18,059	-	-
Road Maintenance	-	-	-	-	-
Emergency Management	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Compressed Gas Program	-	10,000	-	-	-
Unemployment Benefits	-	-	-	-	-
Historical Society	-	-	-	-	-
Noxious Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 7,404</u>	<u>\$ 10,000</u>	<u>\$ 18,059</u>	<u>\$ 15,769</u>	<u>\$ 141,927</u>

CASS COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Noxious Weed Fund	Historical Society Fund	E911 Service Fund	Law Enforcement Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 37,466	\$ 82,994	\$ 1,416	\$ 355,038
Intergovernmental	-	3,258	3,926	-	619,895
Charges for Services	-	-	-	-	25,890
Miscellaneous	-	-	-	-	101,946
TOTAL RECEIPTS	-	40,724	86,920	1,416	1,102,769
DISBURSEMENTS					
Public Safety	-	-	30,847	-	245,569
Public Works	72,571	-	-	-	1,390,402
Public Assistance	-	-	-	-	62,830
Culture and Recreation	-	40,000	-	-	251,016
TOTAL DISBURSEMENTS	72,571	40,000	30,847	-	1,949,817
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(72,571)	724	56,073	1,416	(847,048)
OTHER FINANCING SOURCES (USES)					
Transfers in	72,463	-	-	-	132,557
Transfers out	-	-	(94)	(125,422)	(244,066)
TOTAL OTHER FINANCING SOURCES (USES)	72,463	-	(94)	(125,422)	(111,509)
Net Change in Fund Balances	(108)	724	55,979	(124,006)	(958,557)
FUND BALANCES - BEGINNING	12,821	1,823	52,473	124,006	1,841,293
FUND BALANCES - ENDING	\$ 12,713	\$ 2,547	\$ 108,452	\$ -	\$ 882,736
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	225,786
911 Emergency Services	-	-	108,452	-	257,783
Drug Education	-	-	-	-	9,529
Law Enforcement	-	-	-	-	15,769
Preservation of Records	-	-	-	-	62,608
Economic Development	-	-	-	-	18,059
Road Maintenance	-	-	-	-	946
Emergency Management	-	-	-	-	56,959
Committed to:					
Law Enforcement	-	-	-	-	9,589
Road Maintenance	-	-	-	-	97,896
Aid and Assistance	-	-	-	-	68,032
Compressed Gas Program	-	-	-	-	10,000
Unemployment Benefits	-	-	-	-	34,520
Historical Society	-	2,547	-	-	2,547
Noxious Weed Control	12,713	-	-	-	12,713
TOTAL FUND BALANCES	\$ 12,713	\$ 2,547	\$ 108,452	\$ -	\$ 882,736

CASS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Election Commissioner
BALANCES JULY 1, 2017	\$ 298	\$ 51,774	\$ 145,068	\$ 218,443	\$ 954	\$ -
RECEIPTS						
Licenses and Permits	17,384	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,059
Charges for Services	33,268	248,705	32,190	1,855,009	370	8,436
Miscellaneous	821	-	2	110,604	129	-
State Fees	-	283,552	35,009	-	-	-
Other Liabilities	-	-	1,116,102	322,213	15,815	-
TOTAL RECEIPTS	51,473	532,257	1,183,303	2,287,826	16,314	18,495
DISBURSEMENTS						
Payments to County Treasurer	41,607	247,299	32,741	1,963,047	360	18,495
Payments to State Treasurer	-	280,566	34,524	-	-	-
Other Liabilities	-	893	1,141,327	374,570	16,278	-
TOTAL DISBURSEMENTS	41,607	528,758	1,208,592	2,337,617	16,638	18,495
BALANCES JUNE 30, 2018	<u>\$ 10,164</u>	<u>\$ 55,273</u>	<u>\$ 119,779</u>	<u>\$ 168,652</u>	<u>\$ 630</u>	<u>\$ -</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 10,064	\$ 24,743	\$ 2,477	\$ 142,119	\$ 22	\$ -
Petty Cash	100	-	103	500	500	-
Due to State Treasurer	-	30,530	2,704	-	-	-
Due to Others	-	-	114,495	25,033	108	-
BALANCES JUNE 30, 2018	<u>\$ 10,164</u>	<u>\$ 55,273</u>	<u>\$ 119,779</u>	<u>\$ 167,652</u>	<u>\$ 630</u>	<u>\$ -</u>

(Continued)

CASS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	Highway Superintendent	Veterans' Service Officer	County Planning and Zoning	GIS Office	Historical Society	Keno Function	Total
BALANCES JULY 1, 2017	\$ 995	\$ 10,832	\$ -	\$ 30	\$ 18,993	\$ 33,844	\$ 481,231
RECEIPTS							
Licenses and Permits	-	-	216,290	-	-	-	233,674
Intergovernmental	-	-	-	-	-	-	10,059
Charges for Services	8,887	-	-	-	-	-	2,186,865
Miscellaneous	103,363	11,050	-	-	91,911	26,793	344,673
State Fees	5,603	-	-	-	-	5,765	329,929
Other Liabilities	-	-	-	-	-	-	1,454,130
TOTAL RECEIPTS	117,853	11,050	216,290	-	91,911	32,558	4,559,330
DISBURSEMENTS							
Payments to County Treasurer	112,970	-	215,444	-	-	-	2,631,963
Payments to State Treasurer	5,603	-	-	-	-	5,765	326,458
Other Liabilities	-	9,727	-	-	85,883	28,000	1,656,678
TOTAL DISBURSEMENTS	118,573	9,727	215,444	-	85,883	33,765	4,615,099
BALANCES JUNE 30, 2018	<u>\$ 275</u>	<u>\$ 12,155</u>	<u>\$ 846</u>	<u>\$ 30</u>	<u>\$ 25,021</u>	<u>\$ 32,637</u>	<u>\$ 425,462</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 275	\$ 12,155	\$ 846	\$ -	\$ -	\$ 32,637	\$ 225,338
Petty Cash	-	-	-	30	-	-	1,233
Due to State Treasurer	-	-	-	-	-	-	33,234
Due to Others	-	-	-	-	25,021	-	164,657
BALANCES JUNE 30, 2018	<u>\$ 275</u>	<u>\$ 12,155</u>	<u>\$ 846</u>	<u>\$ 30</u>	<u>\$ 25,021</u>	<u>\$ 32,637</u>	<u>\$ 424,462</u>

(Concluded)

CASS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2018

Item	2013	2014	2015	2016	2017
Tax Certified by Assessor					
Real Estate	\$ 52,187,090	\$ 54,392,293	\$ 55,494,735	\$ 57,371,229	\$ 59,084,678
Personal and Specials	2,065,595	2,429,521	2,180,510	2,041,913	2,096,359
Total	54,252,685	56,821,814	57,675,245	59,413,142	61,181,037
Corrections					
Additions	53,852	41,161	22,118	19,328	12,618
Deductions	(94,273)	(103,404)	(88,280)	(83,517)	(22,354)
Net Additions/ (Deductions)	(40,421)	(62,243)	(66,162)	(64,189)	(9,736)
Corrected Certified Tax	54,212,264	56,759,571	57,609,083	59,348,953	61,171,301
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2014	31,110,724	-	-	-	-
June 30, 2015	22,933,113	33,055,094	-	-	-
June 30, 2016	92,856	23,576,944	34,062,447	-	-
June 30, 2017	32,139	63,158	23,438,323	34,905,636	-
June 30, 2018	14,113	26,684	55,543	24,327,293	37,314,958
Total Net Collections	54,182,945	56,721,880	57,556,313	59,232,929	37,314,958
Total Uncollected Tax	\$ 29,319	\$ 37,691	\$ 52,770	\$ 116,024	\$ 23,856,343
Percentage Uncollected Tax	0.05%	0.07%	0.09%	0.20%	39.00%

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



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CASS COUNTY

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

Board of Commissioners
Cass 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 Cass County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Cass County's basic financial statements, and have issued our report thereon dated March 19, 2019. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass 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 Cass County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass 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 Cass County in a separate letter dated March 19, 2019.

Cass County's Response to Findings

Cass County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

March 19, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 19, 2019

Board of Commissioners
Cass County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Cass County (County) for the fiscal year ended June 30, 2018, and have issued our report thereon dated March 19, 2019. 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 TREASURER

Bank Reconciliation Procedures

The County Treasurer's office was not performing timely reconciliations of its main operating account at Plattsmouth State Bank. Consequently, we attempted to reconcile the account as of June 30, 2018, and noted an unknown variance of \$14,517, with the bank balance being greater.

Additionally, we noted variances between the book balance and bank balance for six investment accounts held by the Treasurer's office. The Treasurer's office was unable to explain why these variances existed.

The following table summarizes the investment account variances noted:

	Book Balance	Bank Balance	Variance
Account #1	\$ 50,010	\$ 50,000	\$ (10)
Account #2	\$ 1,425,244	\$ 1,425,000	\$ (244)
Account #3	\$ 354,219	\$ 354,684	\$ 465
Account #4	\$ 5,949,803	\$ 5,957,009	\$ 7,206
Account #5	\$ 1,000,107	\$ 1,000,000	\$ (107)
Account #6	\$ (299)	\$ -	\$ 299
Total Variance			\$ 7,609

Sound accounting practice and good internal control require procedures to ensure that the County's bank accounts are reconciled to the office records, at least, monthly. These procedures should also include the timely identification and resolution of all variances noted.

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

We recommend the County Treasurer implement procedures to ensure the County's bank accounts are reconciled to the office records, at least, monthly. Such procedures should also include the timely identification and resolution of all variances noted.

Inaccurate Fund Balances

During the audit, we noted the Treasurer's office was not recording financial transactions correctly in the accounting system, leading to inaccurate ending fund balances. An overall lack of sufficient balancing and reconciliation procedures allowed these errors to occur and remain uncorrected. Errors noted included recording receipts in one fund but the related disbursement to a different fund, duplicated entries, and unsupported adjustments. Specifically we noted the following:

- A miscellaneous receipt on March 30, 2018, from the State for child support enforcement, totaling \$9,926, was posted to the Miscellaneous Fund, but it should have been posted to the General Fund.
- A miscellaneous receipt on July 31, 2017, from the State for lodging taxes, totaling \$12,322, was posted to the Miscellaneous Fund, but it should have been posted to the Visitors Promotion Fund and Visitors Improvement Fund equally.
- Miscellaneous receipt batch 9647, dated April 30, 2018, was recorded in the accounting system twice, resulting in the following fund balances being overstated. An attempt to correct the error was made in December 2018, but the entry was recorded backwards, resulting in the variances being doubled.

County General	\$ 238,539.90
County Road	\$ 275,569.56
Road Sinking	\$ 24,161.29
Juvenile Diversion	\$ 133.01
Visitors Promotion	\$ 4,676.62
Visitors Improvement	\$ 4,676.61
Preservation of Records	\$ 2,134.50
Institutions	\$ 25.97
Veterans' Aid	\$ 9.80
Drug Law Enforcement	\$ 10.10
Inheritance Tax	\$ 31,175.13
Crime Commission	\$ 5,268.00
Historical Society	\$ 37.56
E911 Service	\$ 2.00
Overload Fines	\$ 6,598.50
NE Sales Tax	\$ 1,621.98
Homestead	\$ 245,828.15
Plattsmouth School	\$ 9,538.09
Otoe County School	\$ 2,924.46
Weeping Water School	\$ 6,055.60
Louisville School	\$ 10,431.94
Miscellaneous	\$ (879,608.39)
Total	<u>\$ 0.00</u>

In addition to the items above, there were numerous distribution errors made which also attributed to inaccurate fund balances. Details of these follow and are summarized in **Attachment A**. Failure to post receipts to the correct funds increases the risk that those monies will not be spent or accounted for correctly or that the County Board will make decisions based upon the wrong data.

We recommend the County Treasurer correct the errors that were made and adopt procedures to ensure receipts are posted to the correct funds in the future.

Daily Balance Sheet Issues

The County Treasurer's office was attempting to utilize a spreadsheet called a "daily balance sheet" to balance the fund balances per the accounting records to the assets of the office (bank balances, cash on hand, and cash items) on a daily basis. The following was noted regarding the office's daily balance sheet procedures:

- As of June 30, 2018, the total balance per the daily balance sheet was \$17,016,304. However, the total balance per the accounting system was \$17,506,136, or a variance of \$489,832. The Treasurer's office was unable to explain why this variance existed.
- Instead of reconciling the total fund balances to the total office assets, the office was reconciling to the total cash item amount. Essentially, this procedure would reconcile only the daily activity of the office; it would not reconcile total balances on an ongoing basis. Consequently, several "book balances" for the County's bank accounts were inaccurate and did not reconcile to either the bank balances or the fund balances.
- In order to reconcile to the total cash items included on the daily balance sheet, the Treasurer's office was including checks written and bank deposits as both "collections" and "disbursements," resulting in duplicated activity on the daily balance sheet. Total collections and disbursements on the daily balance sheet should reconcile to collections and disbursements per the accounting system, as well as reconcile to activity going through the County's bank accounts.
- Included on the June 30, 2018, daily balance sheet were cash items totaling \$2,011. Cash items represent monies the Treasurer's office has receipted into the accounting records; however, the office has not actually received those monies. We noted the Treasurer's office was not adequately following-up on these cash item balances to ensure the monies were subsequently collected or otherwise resolved in a timely manner.

Good internal control and sound business practices require procedures to ensure that records of the office are maintained adequately and sufficiently supported so that all balances are accurate and proper. Those same procedures should ensure that all bank and investment balances reconcile to the fund balances recorded in the accounting system, and timely follow-up is performed to resolve cash items. Without such procedures, there is an increased risk for the loss, theft, or misuse of funds.

We recommend the County Treasurer implement procedures to ensure all figures and balances included on the daily balance sheet are accurate and supported and reconcile to the accounting and bank records.

Tax Reconciliation Not Performed

During the audit, it was noted that the County Treasurer did not perform a reconciliation of the taxes certified by the Assessor, tax corrections, and tax collections to ensure the system is accurately reporting taxes remaining to be collected. As a result, unknown variances were noted between what we recalculated as taxes remaining to be collected and the taxes remaining shown within the Treasurer's system, as reflected in the following table:

Tax Year	Unknown Variance
2013	\$ (4,000)
2014	\$ (13,780)
2015	\$ (5,087)
2016	\$ (1,995)
2017	\$ (2,173)

Note: The negative amounts indicate that the Treasurer's system showed less remaining to be collected than what we recalculated.

Sound accounting practices and good internal control require procedures to ensure that the certified taxes, adjusted for any corrections and stricken taxes, and tax collections agree to the taxes remaining to be collected in the Treasurer's system.

Without such procedures, there is an increased risk for errors and/or irregularities to occur and remain undetected.

We recommend the County Treasurer implement procedures to ensure a tax reconciliation is performed on a regular basis to verify the accuracy of the amounts shown in the system.

Gross In-Lieu Distribution

We tested one gross in-lieu of tax distribution, totaling \$268,196, and noted the County Treasurer was not accurately distributing the funds in accordance with State statute. The error was caused by the improper use of tax levy rates. See **Attachment A** for a summary of the distribution errors.

Additionally, adequate documentation could not be provided to verify the total amounts to be distributed within each city or village.

Neb. Rev. Stat. § 70-651.04 (Reissue 2018) states, in relevant part, the following:

All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village . . . and to the county in which may be located any city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies

When distributions are not calculated accurately, political subdivisions do not receive the correct amount of revenue. Without sufficient documentation, moreover, it is impossible to verify proper distributions.

We recommend the County Treasurer implement procedures to ensure that gross in-lieu of tax is properly distributed to the appropriate entities, and sufficient documentation is maintained to verify the correct distributions.

Homestead Distribution

During testing of the Homestead distribution, it was noted that the County Treasurer took a one percent commission twice from each of the subdivisions on five distributions occurring during the fiscal year. See **Attachment A** for a summary of the additional commission received for each subdivision.

Additional unknown variances were also noted during the review of one homestead distribution, and the County Treasurer’s office was unable to provide any supporting documentation for how that distribution was calculated.

The following table summarizes these unexplained variances:

Description	Over/(Under) Payments
County	\$ 97
Ag Society	\$ 1
City of Plattsmouth	\$ (437)
Conestoga School	\$ 1,042
East Pioneer Cemetary District	\$ 3
ESUs (4 Districts)*	\$ 5
Lower Platte South NRD	\$ 10
Murray Fire	\$ 47
Plattsmouth Airport Authority	\$ (15)
Plattsmouth Fire	\$ 12
Plattsmouth School	\$ (792)
Southeast Community College	\$ 27

*Each subdivision was not listed, as variances were under \$10 per entity.

Neb. Rev. Stat. § 77-3523 (Reissue 2018) states, in relevant part, the following:

The county treasurer and county assessor shall, on or before November 30 of each year, certify to the Tax Commissioner the total tax revenue that will be lost to all taxing agencies within the county from taxes levied and assessed in that year because of exemptions allowed under sections 77-3501 to 77-3529. . . . The Tax Commissioner shall, on or before January 1 next following such certification or within thirty days of any amendment to the certification, notify the Director of Administrative Services of the amount so certified to be reimbursed by the state. Reimbursement of the funds lost shall be made to each county according to the certification and shall be distributed in six as nearly as possible equal monthly payments on the last business day of each month beginning in January . . . Out of the amount so received the county treasurer shall distribute to each of the taxing agencies within his or her county the full amount so lost by such agency, except that one percent of such amount shall be deposited in the county general fund

When distributions are not accurately calculated, political subdivisions do not receive the correct amount of funding.

We recommend the County Treasurer implement procedures to ensure that homestead distributions are accurate. We further recommend the County Treasurer correct errors related to taking an additional one percent commission, as well as review the other unknown variances to determine both their cause and the proper corrective action.

Motor Vehicle Pro-Rate Distribution

During the audit, it was noted that the Motor Vehicle Pro-Rate Funds were not distributed correctly. See **Attachment A** for a summary of the distribution errors. Additionally, these funds were not distributed timely, as the amount received in March 2018 was not distributed until the end of June 2018.

Neb. Rev. Stat. § 60-3,202(3) (Cum. Supp. 2018) states the following:

Upon receipt of motor vehicle tax funds from the State Treasurer, the county treasurer shall distribute such funds to taxing agencies within the county in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.

When distributions are not accurately calculated, political subdivisions do not receive the correct amount of funding.

We recommend the County Treasurer implement procedures to ensure that all distributions are calculated correctly and in accordance with State statute.

Personal Property Tax Credit Distribution

During testing of the personal property tax credit distribution, unexplained variances were noted between our recalculation of the proper distribution and the County Treasurer’s actual distribution. The County Treasurer’s office was unable to provide any support for how it calculated the distribution or what might have caused the variances noted.

Additionally, the County Treasurer receipted the Personal Property Tax monies received from the State into one holding fund; however, when the distribution of these monies was performed, they were taken out of a different fund, resulting in erroneous ending fund balances.

The following table summarizes the unexplained variances noted:

Description	Over/(Under) Payments
County	\$ 93
Ashland-Greenwood School	\$ 144
City of Louisville	\$ 55
City of Plattsmouth	\$ (25)
Conestoga School	\$ 131
Elmwood-Murdock School	\$ (342)
Louisville School	\$ (32)
Nebraska City School	\$ 64
Plattsmouth School	\$ (255)
SID #4	\$ (11)
SID #5	\$ (35)
Southeast Community College	\$ 21
Syracuse-Dunbar-Avoca School	\$ 74
Village of Alvo	\$ 38
Village of Eagle	\$ 19

Description	Over/(Under) Payments
Village of Elmwood	\$ (23)
Village of Greenwood	\$ 11
Village of Murray	\$ 39
Village of Nehawka	\$ (11)
Village of Weeping Water	\$ 94
Waverly School	\$ 315
Weeping Water School	\$ 162
Ag Society	\$ 1
Cities/Villages (6 Cities/Villages)*	\$ (4)
ESUs (4 Districts)*	\$ 4
Fire Districts (12 Districts)*	\$ (15)
NRDs (2 Districts)*	\$ 7
Plattsmouth Airport Authority	\$ (1)
SIDs (4 Districts)*	\$ 2

*Each subdivision was not listed, as variances were under \$10 per entity.

Neb. Rev. Stat. § 77-1239(1) (Reissue 2018) states the following:

Reimbursement to taxing subdivisions for tax revenue that will be lost because of the personal property tax exemptions allowed in subsection (1) of section 77-1238 shall be as provided in this subsection. The county assessor and county treasurer shall, on or before November 30 of each year, certify to the Tax Commissioner, on forms prescribed by the Tax Commissioner, the total tax revenue that will be lost to all taxing subdivisions within his or her county from taxes levied and assessed in that year because of the personal property tax exemptions allowed in subsection (1) of section 77-1238. The county assessor and county treasurer may amend the certification to show any change or correction in the total tax revenue that will be lost until May 30 of the next succeeding year. The Tax Commissioner shall, on or before January 1 next following the certification, notify the Director of Administrative Services of the amount so certified to be reimbursed by the state. Reimbursement of the tax revenue lost shall be made to each county according to the certification and shall be distributed in two approximately equal installments on the last business day of February and the last business day of June. The State Treasurer shall, on the business day preceding the last business day of February and the last business day of June, notify the Director of Administrative Services of the amount of funds available in the General Fund to pay the reimbursement. The Director of Administrative Services shall, on the last business day of February and the last business day of June, draw warrants against funds appropriated. Out of the amount received, the county treasurer shall distribute to each of the taxing subdivisions within his or her county the full tax revenue lost by each subdivision, except that one percent of such amount shall be deposited in the county general fund.

When distributions are not calculated accurately, political subdivisions do not receive the correct amount of funding.

We recommend the County Treasurer implement procedures to ensure personal property tax credit distributions are accurate. We further recommend the County Treasurer implement procedures to ensure monies are received and disbursed using the correct funds.

Timely Issuance of Receipts

During the audit, it was noted that the County Treasurer's office was not immediately receipting checks into the accounting records if they were received from County offices. According to the Treasurer's office, these checks posed a lower risk and were, therefore, a lower priority.

Sound accounting practices and a good internal control plan require procedures to ensure that all funds received in the office are receipted immediately into the accounting records.

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

We recommend the County Treasurer implement procedures to ensure that all money received by the office is receipted immediately into the accounting records.

Return of Unused Real Property Tax Credit

During the audit, it was noted that the amounts reported to the Nebraska Department of Revenue on Form 403, “Return of Unused Real Property Tax Credit,” did not reflect accurately the amounts actually distributed. The following table summarizes the variances noted:

	Reported Amounts Per Form 403	Actual Amounts	Variance
Total Property Tax Credit Distributed to Subdivisions	\$ 3,127,517	\$ 3,098,296	\$ 29,221
Commissions Withheld	\$ 31,591	\$ 31,296	\$ 295
Total Property Tax Credit Used	\$ 3,159,108	\$ 3,129,592	\$ 29,516
Total Property Tax Credit Rec'd from the State	\$ 3,188,281	\$ 3,158,557	\$ 29,724
Calculated Unused Tax Credit to Return to State	\$ 29,173	\$ 28,965	\$ 208

Neb. Rev. Stat. § 77-4212(3) (Reissue 2018) states, in relevant part, the following:

Upon the return of any funds under this subsection, the county treasurer shall electronically file a report with the Property Tax Administrator, on a form prescribed by the Tax Commissioner, indicating the amount of funds distributed to each taxing unit in the county in the year the funds were returned, any collection fee retained by the county in such year, and the amount of unused credits returned.

Without adequate procedures to ensure that amounts reported to the Department of Revenue are correct, and the amount remitted as unused real property tax credit is properly calculated, there is an increased risk for loss or misuse of funds.

We recommend the County Treasurer implement procedures to ensure the amounts reported to the Nebraska Department of Revenue reflect properly actual distribution amounts, and the amount remitted as unused real property tax credit is properly calculated.

Current County Treasurer’s Response: I was not the official for the time span of this audit. I am attempting to correct the problems listed in this audit. I will implement procedures to help prevent future errors.

COUNTY REGISTER OF DEEDS

Balancing Procedures

During the audit, we noted a shortage of \$3,055 at June 30, 2018, in the Register of Deeds’ office. This short appears to be comprised of the following amounts:

Description	Amount
Cash Shortage Prior to July 1, 2017	\$ 2,382
Fiscal Year 2018 Cash Shortage	\$ 51
Unsupported Accounts Receivable	\$ 622
Total Shortage at June 30, 2018	\$ 3,055

We also noted a check purchase, totaling \$202, in February 2018 that had not been submitted to the County Board for reimbursement as of June 30, 2018.

Sound accounting practices and good internal control require procedures to ensure that office assets are in agreement with office liabilities on at least a monthly basis. Those procedures should include the timely identification and resolution of all variances noted. Additionally, the procedures should require the timely resolution of outstanding accounts receivable balances.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also errors going undetected more easily.

We recommend the County Register of Deeds implement procedures to ensure: 1) office assets are in agreement with office liabilities on, at least, a monthly basis; 2) any variances noted during that reconciliation process are resolved timely; and 3) outstanding accounts receivable balances are resolved expeditiously. Finally, we recommend a claim be submitted to the County Board to receive reimbursement for the cost of the check purchase.

COUNTY SHERIFF

Office Procedures

During the audit, we noted the County Sheriff had an unknown cash long of \$10,342 at June 30, 2018. Additionally, it was noticed that the Sheriff's office was not restrictively endorsing checks "For Deposit Only" immediately upon receipt, and receipts were not being written for all money received by the office.

Sound accounting practices and good internal control require procedures to ensure that office assets are in agreement with office liabilities on, at least, a monthly basis. Those procedures should include the timely identification and resolution of all variances noted. Such procedures should also require that all checks received are restrictively endorsed "For Deposit Only" immediately upon receipt, and receipts are written for all money received by the office.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also errors going undetected more easily.

We recommend the County Sheriff implement procedures to ensure: 1) office assets are in agreement with office liabilities on, at least, a monthly basis; 2) any variances noted during that reconciliation process are resolved timely; 3) all checks received are restrictively endorsed "For Deposit Only"; and 4) receipts are written for all money received.

COUNTY BOARD

Credit Card Purchases

During our audit, we tested five credit card payments, totaling \$22,788, and noted: 1) payment of sales tax; 2) a lack of adequate supporting documentation; and 3) the purchase of dinner for the Assessor’s office staff while working late. The Assessor’s office charged dinner purchases at Babe’s Hometown BBQ, Hy-Vee, and KFC using the County’s credit card. The following table details the issues noted:

Claim Date	Claim #	Total Claim Amount	Unsupported Amount	Sales Tax Paid	Dinner for Assessor’s Office
9/5/2017	171609	\$ 5,791	\$ 2,700	\$ 11	\$ -
5/1/2018	18050340	\$ 4,988	\$ 3,238	\$ 42	\$ 39
6/12/2018	18060341	\$ 4,428	\$ -	\$ 30	\$ -
4/3/2018	18040306	\$ 3,830	\$ 2,224	\$ -	\$ 36
8/8/2017	171296	\$ 3,751	\$ 3,751	\$ -	\$ -
Total		\$ 22,788	\$ 11,913	\$ 83	\$ 75

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

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

Additionally, Neb. Rev. Stat. § 13-610 (Reissue 2012) contains the following:

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

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

* * * *

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

* * * *

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

(Emphasis added.) Finally, the Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2012, Cum. Supp. 2018), specifies the various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions, including counties. The purchase of meals for office staff who happen to be working later than usual is not included among those authorized expenditures.

In addition to these statutory concerns, sound business practices and good internal control require procedures to ensure that unnecessary sales tax is not paid on County purchases, adequate supporting documentation accompanies all claims being presented to the County Board for approval, and public funds are expended only for properly authorized purposes.

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

We recommend the County Board implement procedures to ensure taxes are not paid on its purchases, all claims presented to the County Board for approval are supported by adequate documentation, and public funds are expended only for properly authorized purposes.

Rebates Earned on Purchases

During testing, it was noted that the County lacked a formal policy for tracking rebates earned on Menards purchases and verifying the proper disposition of those rebates.

The County's claims for purchases at Menards during the fiscal year 2018 totaled \$5,739. It should be noted that this amount does not include payments made to Menards using a County credit card.

Sound accounting practices and good internal control require procedures to ensure that rebates received from vendors are properly tracked and only used for County business. Without such procedures, there is an increased risk of County employees using such rebates for personal gain.

We recommend the County implement procedures to ensure rebates received from vendors are properly tracked and used only for County business.

Review of Delinquent Personal Property Taxes

A listing of delinquent personal property taxes was not reviewed prior to the payment of claims to ensure that no payees had delinquent personal property taxes.

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

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

When claims are not reviewed for delinquent property taxes, the County is not in compliance with State statute, increasing the risk for loss or misuse of funds.

We recommend the County Board implement procedures for reviewing payees for delinquent personal property taxes before their claims are approved and paid by the County.

Expenditures in Excess of Budget

For the fiscal year ended June 30, 2018, the expenditures in the Public Defender function within the General Fund exceeded the adopted budget by \$9,691. In addition, the Road Sinking Fund expenditures exceeded the adopted budget by \$526.

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

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

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

We recommend the County Board implement procedures for monitoring closely its budget status on an ongoing basis to avoid any individual function or fund incurring expenses in excess of the budgeted amount.

COUNTY CASA

County Funding

During the audit, we noted the County appropriated \$28,000 to its Court Appointed Special Advocate (CASA) office during fiscal year 2018. Although that appropriation was earmarked for the office's operations, the County Board received no documentation to support how the funds were actually used.

As of June 30, 2018, the CASA office's bank account held a balance of \$16,928 in unspent County funds, indicating that more money than necessary may have been appropriated.

Sound accounting practices and good internal control require procedures to ensure that adequate documentation is provided to the County Board to support the proper use of all County funds.

Without such procedures, there is an increased risk for not only the theft, loss, or misuse of County funds but also excessive appropriations by the County Board.

We recommend the CASA office implement procedures to ensure adequate documentation is provided to the County Board, at least annually, to support the office's need for and use of County funds.

COUNTY CLERK

Office Procedures

During the audit, we noted the following issues with the County Clerk's financial accounting and balancing procedures:

- Monthly bank reconciliations were not performed. Consequently, the office was unable to provide a reconciled book balance or outstanding check listings.

- An unknown cash long of \$225 was noted at June 30, 2018.
- March and April 2018 fee collections, totaling \$573, were not remitted to the County Treasurer until June 2018.

Neb. Rev. Stat. § 33-130 (Reissue 2016) states the following:

Each county clerk or register of deeds shall, not later than the fifteenth day of the month following the calendar month in which fees are received, pay over to the county treasurer all fees received and take the receipt of the county treasurer therefor. Except as provided by section 25-2712, all fees received by the county treasurer pursuant to this section shall be credited to the general fund of the county.

Sound accounting practices and good internal control require procedures to ensure that office assets are in agreement with office liabilities on, at least, a monthly basis. Those procedures should also include the timely identification and resolution of all variances noted. Finally, such procedures should ensure that fees collected are remitted timely to the County Treasurer, as required by State statute.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also statutory noncompliance.

We recommend the County Clerk implement procedures to ensure: 1) office assets are in agreement with office liabilities on, at least, a monthly basis; 2) any variances noted during that reconciliation are resolved timely; 3) fees collected are remitted timely to the County Treasurer, as required by State statute.

COUNTY CLERK OF THE DISTRICT COURT

Monthly Report Review

During the audit, we noted the Clerk of the District Court was not adequately reviewing the monthly Case Balance Reports to ensure the balances were proper, and any action necessary was taken timely. Four of five case balances tested were not correct and current, as follows:

- One balance held, totaling \$10,439, was not paid out to the appropriate party after an overpayment in May 2016.
- Three balances held, totaling \$1,665, were related to bonds received in 2014 and 2016. No documentation could be provided of any additional follow-up procedures performed to determine a resolution for these trust balances held by the Court.

Sound accounting practices and good internal control require case balances held by the District Court to be reviewed on an ongoing, timely basis to determine what action, if any, should be taken to resolve those balances.

When the Court's monthly Case Balance Reports are not reviewed regularly, there is an increased risk of errors, omissions, or irregularities not being detected and resolved in a timely manner.

We recommend the District Court perform a detailed review of all monthly financial reports, including the Case Balance Reports, and resolve any unclaimed and/or unusual balances in a complete, accurate, and timely manner.

COUNTY ELECTION COMMISSIONER

Office Procedures

During the audit, we noted the following issues with the Election Commissioner's office procedures:

- Documentation was not on file to support: 1) the amount of money received in the office for election recovery costs and candidate filing fees; 2) when those amounts were received; or 3) when those amounts were remitted to the County Treasurer.
- We tested five amounts received by the office and noted documentation was not on file to support how two invoices, totaling \$6,890, for election recovery costs were calculated.
- A total of \$203 in candidate filing fees for city offices was collected and remitted to the County Treasurer. These amounts should have been remitted instead to the City Treasurers where the candidates reside. Due to a lack of sufficient documentation, it was unclear if these amounts were subsequently remitted to the appropriate City Treasurers.

Neb. Rev. Stat. § 32-608(1) (Reissue 2016) states, in relevant part, the following:

Except as provided in subsection (4) or (5) of this section, a filing fee shall be paid by or on behalf of each candidate prior to filing for office. . . . For candidates for any city or village office, the filing fee shall be paid to the city or village treasurer of the city or village in which the candidate resides. For candidates who file in the office of the election commissioner or county clerk, the filing fee shall be paid to the election commissioner or county clerk in the county in which the office is sought. The election commissioner or county clerk shall remit the fee to the county treasurer.

Neb. Rev. Stat. § 32-1202 (Reissue 2016) states the following:

The cost of publication posting of notices and ballots, the cost of precinct registration lists, the compensation of temporary employees, inspectors, judges and clerks of election, and members of counting boards, the overtime costs of all permanent employees of the election commissioner or county clerk relating to elections, the cost of renting, heating, lighting, and equipping polling places including placing and removing ballot boxes and other fixtures and equipment, the cost of printing and delivering ballots and sample ballots, the cost of postage, cards of instructions for voters, maps, voter books for the polling place, other election supplies, and electronic media, the expense of programming and operation of voting systems, and all other expenses of conducting statewide primary and general elections not listed in section 32-1201 shall be chargeable to the political subdivisions in and for which such elections are held.

When sufficient documentation is not available to support the financial activities of the office, there is an increased risk for the loss or misuse of County funds. Additionally, when filing fees are remitted to the County rather than to the appropriate city or village, the Election Commissioner is not in compliance with State statute, and the subdivisions do not receive the correct amount of funding.

We recommend the County Election Commissioner implement procedures to ensure: 1) amounts collected are supported by adequate documentation; 2) complete records are on hand to support amounts being invoiced to other parties; and 3) fees collected are disbursed in accordance with State statute.

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

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

Unclaimed Property

During our audit, we noted multiple County offices did not report and remit unclaimed property – or such property was remitted late – to the State Treasurer. The following is a list of County offices that were not in compliance with the Uniform Disposition of Unclaimed Property Act (Act), as set out at Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2018):

- The County Attorney had seven outstanding checks, totaling \$242. Additionally, there was a balance of \$108 in the County Attorney's bank account that was believed to be over three years old; however, a detailed listing of individual balances for those to whom this amount was owed could not be provided.
- The Clerk of the District Court had one check, totaling \$35.
- The County Sheriff had 34 checks, totaling \$249, that were remitted in January 2018 but were already past due. An additional 46 outstanding checks, totaling \$2,004, had not been remitted to the State Treasurer as of January 2018.
- The County Treasurer had 14 checks, totaling \$4,117, that were overdue as unclaimed property.

Section 69-1307.01 of the Act presumes intangible personal property held by a county and unclaimed for more than three years to be abandoned. Section 69-1310 requires any property presumed to be abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

When unclaimed property is not remitted timely to the State Treasurer, the County is not in compliance with the requirements of the Act, increasing the risk for loss or misuse of funds.

We 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.

Unauthorized Petty Cash Funds

During our audit, we noted the following offices maintained petty cash funds that were neither approved by the County Board nor included in the County Board's budget message:

Office	Amount Maintained
Attorney	\$ 500
Clerk	100
Clerk of the District Court	100
GIS Office	30
Sheriff	500
Total Unauthorized Petty Cash Funds	\$ 1,230

Additionally, we noted the following regarding those offices' use of the petty funds:

- We tested one petty cash reimbursement claim submitted by the County Attorney (claim #18060647), totaling \$300, and noted that detailed supporting documentation for the claimed expenses was not attached. The only accompanying support was a copy of the May 2018 bank statement.
- The Clerk of the District Court did not periodically reconcile the petty cash fund to the set amount. At June 30, 2018, the amount was \$102.55.
- We tested one month of petty cash reimbursement claims submitted by the County Sheriff and noted that \$2,622 of expenditures requested for reimbursement were not supported by adequate documentation (claims #18020012 and #18020580). It appears the office was using fees on hand to supplement the \$500 petty cash. Furthermore, we noted the County Sheriff lacked procedures for tracking not only purchases made with petty cash but also any reimbursements received for those expenditures. Consequently, the office was also not performing a periodic reconciliation of the petty cash fund back to the authorized amount.

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.

When all petty cash funds available to County offices are not approved by the County Board and included in the County Board's budget message, the County is not in compliance with State statute. Additionally, such noncompliance effectively conceals from citizens the amount of public funds made available to County officials. Without procedures to ensure that petty cash activity is reasonable and adequately supported, moreover, there is an increased risk for theft, loss, or misuse of County funds.

We recommend the County ensure all petty cash funds have been properly approved by the County Board and included in the County Board's budget message. Furthermore, we recommend all claims for petty cash reimbursement are adequately supported to ensure activity is reasonable and for allowable activities.

Fee Approvals

During our audit, we noted there was no documented fee approvals for the following fees charged by the various County offices:

Office	Fee Type	Fee Amount
Attorney	General Diversion Fee	\$50/occurrence
Attorney	Drug Testing	\$100/occurrence
Attorney	Marijuana Diversion Fees	\$150/occurrence
Clerk	Liquor License Advertising Fee	\$14.70 each
Clerk	Tobacco Licenses	Various rates
Clerk	Photocopies	Various rates
Clerk	Sale of Plat Books	\$15/book
Clerk	Special Designated Liquor License	\$80/license
Dept. of Roads	Recycling Fees	Various rates
Planning & Zoning	Zoning Fees	Various rates
Register of Deeds	Photocopies	\$0.50/page
Register of Deeds	Emailed Documents	\$5/document
Sheriff	General Records Purchase	\$5/purchase
Sheriff	Records Purchase on CD	\$50/CD
Sheriff	Soda Vending Machine Sales	\$0.50/soda
Sheriff	Commissary Sales	Various rates
Sheriff	Douglas Co. Inmate Housing	\$58.53/inmate/date

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) assigns to the County Board responsibility for managing County funds and business. In addition, good internal control and sound business practice require fees to be set by the County Board and documentation of this approval to be maintained.

When fees are not approved by the County Board, there is an increased risk of loss or misuse of County funds.

We recommend the County Board approve all fees charged by County offices that are not set by statute and maintain documentation of these approvals for subsequent review.

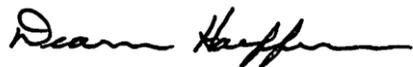
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Deann Haeffner", with a long, sweeping horizontal stroke extending to the right.

Deann Haeffner, CPA
Assistant Deputy Auditor

CASS COUNTY
SUMMARY OF DISTRIBUTION ERRORS
 FYE 6/30/18

Attachment A

Description	Gross In Lieu	Additional Homestead Commission	MV Prorate	Total
County	\$ (12.54)	\$ 18.40	\$ 11.27	\$ 17.13
Ag Society	\$ -	\$ 19.85	\$ 0.10	\$ 19.95
Ashland Fire	\$ -	\$ 4.05	\$ 0.05	\$ 4.10
Ashland-Greenwood School	\$ -	\$ 218.70	\$ 2.11	\$ 220.81
Avoca Fire	\$ -	\$ 1.60	\$ 0.02	\$ 1.62
City of Louisville	\$ 23.63	\$ 217.30	\$ 0.62	\$ 241.55
City of Plattsmouth	\$ -	\$ 711.10	\$ 2.17	\$ 713.27
City of Weeping Water	\$ 20.05	\$ 120.10	\$ 0.25	\$ 140.40
Conestoga School	\$ -	\$ 1,154.90	\$ 6.92	\$ 1,161.82
Eagle-Alvo Fire	\$ -	\$ 3.95	\$ 0.04	\$ 3.99
East Pioneer Cemetary District	\$ -	\$ 3.15	\$ 0.02	\$ 3.17
Elmwood Fire	\$ -	\$ 16.45	\$ 0.11	\$ 16.56
Elmwood-Murdock School	\$ 967.45	\$ 464.35	\$ 4.45	\$ 1,436.25
ESU #2	\$ -	\$ 3.40	\$ 0.03	\$ 3.43
ESU #3	\$ -	\$ 74.20	\$ 0.34	\$ 74.54
ESU #4	\$ -	\$ 3.10	\$ 0.02	\$ 3.12
ESU #6	\$ -	\$ 7.30	\$ (0.59)	\$ 6.71
Greenwood Fire	\$ -	\$ 0.65	\$ 0.03	\$ 0.68
Louisville Fire	\$ -	\$ 9.05	\$ 0.06	\$ 9.11
Louisville School	\$ 77.31	\$ 1,021.70	\$ 6.33	\$ 1,105.34
Lower Platte South NRD	\$ -	\$ 182.20	\$ 0.90	\$ 183.10
Murdock Fire	\$ -	\$ 1.80	\$ 0.06	\$ 1.86
Murray Fire	\$ -	\$ 44.80	\$ 0.24	\$ 45.04
Nebraska City School	\$ -	\$ 155.95	\$ 0.87	\$ 156.82
Nehawka Fire	\$ -	\$ 1.30	\$ 0.06	\$ 1.36
Nemaha NRD	\$ -	\$ 4.35	\$ 0.03	\$ 4.38
Plattsmouth Airport Authority	\$ -	\$ 25.25	\$ 0.08	\$ 25.33
Plattsmouth Fire	\$ -	\$ 31.15	\$ 0.18	\$ 31.33
Plattsmouth School	\$ -	\$ 2,693.80	\$ (57.74)	\$ 2,636.06
SID #1	\$ -	\$ 79.80	\$ (1.95)	\$ 77.85
SID #10	\$ -	\$ 17.25	\$ 0.05	\$ 17.30
SID #2	\$ -	\$ -	\$ 0.01	\$ 0.01
SID #3	\$ -	\$ 1.30	\$ -	\$ 1.30
SID #4	\$ -	\$ 16.80	\$ 0.04	\$ 16.84
SID #5	\$ -	\$ 223.05	\$ 0.68	\$ 223.73
SID #7	\$ -	\$ 6.05	\$ 0.05	\$ 6.10
SID #9	\$ -	\$ -	\$ 0.40	\$ 0.40
Southeast Community College	\$ -	\$ 528.70	\$ 2.67	\$ 531.37
Syracuse-Dunbar-Avoca School	\$ 8.40	\$ 76.90	\$ 0.66	\$ 85.96
Union Fire	\$ -	\$ 0.70	\$ 0.01	\$ 0.71
Village of Alvo	\$ 2.26	\$ 17.95	\$ 0.03	\$ 20.24

CASS COUNTY
SUMMARY OF DISTRIBUTION ERRORS
 FYE 6/30/18

Attachment A

Description	Gross In Lieu	Additional Homestead Commission	MV Prorate	Total
Village of Avoca	\$ 3.25	\$ 12.60	\$ 0.02	\$ 15.87
Village of Cedar Creek	\$ 6.16	\$ 72.30	\$ 0.17	\$ 78.63
Village of Eagle	\$ 19.69	\$ 126.70	\$ 0.31	\$ 146.70
Village of Elmwood	\$ (1,230.21)	\$ 86.55	\$ 0.15	\$ (1,143.51)
Village of Greenwood	\$ -	\$ 63.85	\$ 0.14	\$ 63.99
Village of Manley	\$ 1.84	\$ 7.60	\$ 0.02	\$ 9.46
Village of Murdock	\$ 3.64	\$ 25.30	\$ 0.03	\$ 28.97
Village of Murray	\$ -	\$ 62.60	\$ 0.07	\$ 62.67
Village of Nehawka	\$ -	\$ 33.95	\$ 0.03	\$ 33.98
Village of South Bend	\$ 0.23	\$ 3.00	\$ 0.01	\$ 3.24
Village of Union	\$ -	\$ 43.15	\$ 0.03	\$ 43.18
Waverly School	\$ 38.72	\$ 553.35	\$ 13.11	\$ 605.18
Weeping Water Fire	\$ -	\$ 2.85	\$ 0.03	\$ 2.88
Weeping Water School	\$ 70.12	\$ 646.80	\$ 4.20	\$ 721.12
Net Over (Under) Payment	\$ -	\$ 9,923.00	\$ -	\$ 9,923.00

(Concluded)