

**AUDIT REPORT
OF
NUCKOLLS COUNTY**

JULY 1, 2017, THROUGH JUNE 30, 2018

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the Auditor of Public Accounts.**

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Issued on May 13, 2019

NUCKOLLS COUNTY

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NUCKOLLS COUNTY
150 S Main
Nelson, NE 68961

LIST OF COUNTY OFFICIALS
At June 30, 2018

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Doyle Christensen	Jan. 2019
	Daren Blackstone	Jan. 2021
	Tim Zikmund	Jan. 2019
Assessor	Susan Rogers	Jan. 2019
Attorney	Sara Bockstadter	Jan. 2019
Clerk	Carrie Miller	Jan. 2019
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Royce Gonzales	Jan. 2019
Sheriff	Brad Baker	Jan. 2019
Emergency Manager		
Treasurer	Vicki Ensign	Jan. 2019
Veterans' Service Officer	Bob Kotinek	Appointed
Weed Superintendent	Nick Eledge	Appointed
Highway Superintendent	Gary Warren	Appointed
Surveyor	Tomas Krueger	Appointed



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NUCKOLLS COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Nuckolls County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nuckolls County, as of and for the year ended June 30, 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 Nuckolls 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 18-27, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019, on our consideration of Nuckolls County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nuckolls County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 6, 2019

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,484,517
Investments (Note 1.D)	2,175,939
TOTAL ASSETS	\$ 5,660,456
 NET POSITION	
Restricted for:	
911 Emergency Services	280,849
Preservation of Records	3,745
Road Projects	439,265
Unrestricted	4,936,597
TOTAL NET POSITION	\$ 5,660,456

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

NUCKOLLS COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 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	\$ (1,591,378)	\$ 192,828	\$ 12,707	\$ (1,385,843)
Public Safety	(919,819)	42,098	8,716	(869,005)
Public Works	(2,138,210)	25	1,178,482	(959,703)
Public Assistance	(18,913)	-	-	(18,913)
Culture and Recreation	(6,250)	-	-	(6,250)
Total Governmental Activities	<u>\$ (4,674,570)</u>	<u>\$ 234,951</u>	<u>\$ 1,199,905</u>	<u>(3,239,714)</u>

General Receipts:

Property Taxes	3,446,855
Grants and Contributions Not Restricted to Specific Programs	511,072
Investment Income	26,433
Licenses and Permits	19,555
Miscellaneous	70,603
Total General Receipts	<u>4,074,518</u>

Increase in Net Position	834,804
Net Position - Beginning of year	4,825,652
Net Position - End of year	<u>\$ 5,660,456</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 748,582	\$ 1,424,302	\$ -	\$ 1,311,633	\$ 3,484,517
Investments (Note 1.D)	161,274	-	2,014,665	-	2,175,939
TOTAL ASSETS	<u>\$ 909,856</u>	<u>\$ 1,424,302</u>	<u>\$ 2,014,665</u>	<u>\$ 1,311,633</u>	<u>\$ 5,660,456</u>
FUND BALANCES					
Restricted for:					
911 Emergency Services	-	-	-	280,849	280,849
Preservation of Records	-	-	-	3,745	3,745
Road Projects	-	-	-	439,265	439,265
Committed to:					
Law Enforcement	-	-	-	3,034	3,034
Road Maintenance	-	1,424,302	-	-	1,424,302
Aid and Assistance	-	-	-	74,594	74,594
Public Safety	-	-	-	26,355	26,355
Noxious Weeds	-	-	-	33,090	33,090
Self Insurance	-	-	-	450,701	450,701
Assigned to:					
Other Purposes	-	-	2,014,665	-	2,014,665
Unassigned	909,856	-	-	-	909,856
TOTAL CASH BASIS FUND BALANCES	<u>\$ 909,856</u>	<u>\$ 1,424,302</u>	<u>\$ 2,014,665</u>	<u>\$ 1,311,633</u>	<u>\$ 5,660,456</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 2,659,838	\$ -	\$ 696,851	\$ 90,166	\$ 3,446,855
Licenses and Permits	19,505	50	-	-	19,555
Investment Income	8,417	-	12,640	5,376	26,433
Intergovernmental	326,062	1,169,639	-	215,276	1,710,977
Charges for Services	225,908	25	-	9,018	234,951
Miscellaneous	11,373	17,999	-	41,231	70,603
TOTAL RECEIPTS	<u>3,251,103</u>	<u>1,187,713</u>	<u>709,491</u>	<u>361,067</u>	<u>5,509,374</u>
DISBURSEMENTS					
General Government	1,227,325	-	230,173	133,880	1,591,378
Public Safety	803,026	-	-	116,793	919,819
Public Works	-	2,099,084	-	39,126	2,138,210
Public Assistance	18,913	-	-	-	18,913
Culture and Recreation	-	-	-	6,250	6,250
TOTAL DISBURSEMENTS	<u>2,049,264</u>	<u>2,099,084</u>	<u>230,173</u>	<u>296,049</u>	<u>4,674,570</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,201,839</u>	<u>(911,371)</u>	<u>479,318</u>	<u>65,018</u>	<u>834,804</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	249,724	1,406,827	-	381,683	2,038,234
Transfers out	(1,486,412)	(2,863)	(234,748)	(314,211)	(2,038,234)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,236,688)</u>	<u>1,403,964</u>	<u>(234,748)</u>	<u>67,472</u>	<u>-</u>
Net Change in Fund Balances	(34,849)	492,593	244,570	132,490	834,804
CASH BASIS FUND BALANCES - BEGINNING					
	<u>944,705</u>	<u>931,709</u>	<u>1,770,095</u>	<u>1,179,143</u>	<u>4,825,652</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 909,856</u>	<u>\$ 1,424,302</u>	<u>\$ 2,014,665</u>	<u>\$ 1,311,633</u>	<u>\$ 5,660,456</u>

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 275,524
 LIABILITIES	
Due to other governments	
State	100,744
Schools	140,643
Educational Service Units	1,605
Technical College	10,074
Natural Resource Districts	4,802
Cemetery Districts	6
Fire Districts	1,071
Municipalities	13,929
Agricultural Society	550
Others	2,100
TOTAL LIABILITIES	275,524
 TOTAL NET ASSETS	 \$ -

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2018

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$10,889 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.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The Department’s governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 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.

NUCKOLLS 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.

The County designates fund balances as follows:

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

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

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

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

NUCKOLLS 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 \$723,859 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.

NUCKOLLS 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 \$3,484,517 for County funds and \$275,524 for Fiduciary funds. The bank balances for all funds totaled \$3,752,139. 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's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$2,175,939 deposited in the Nebraska Public Agency Investment Trust (NPAIT). 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 \$.207019/\$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 \$.186865/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 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, 48 employees contributed \$68,923, and the County contributed \$102,388. Contributions included \$2,000 in cash contributions towards the supplemental law enforcement plan for five law enforcement employees. Lastly, the County paid \$1,212 directly to 12 retired employees for prior service benefits.

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 91 counties and local governments throughout Nebraska.

NUCKOLLS 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>				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 1,406,827	\$ -	\$ -	\$ -	\$ 1,406,827
General Fund	-	200,000	-	49,724	249,724
Nonmajor Funds	79,585	34,748	2,863	264,487	381,683
Total	<u>\$ 1,486,412</u>	<u>\$ 234,748</u>	<u>\$ 2,863</u>	<u>\$ 314,211</u>	<u>\$ 2,038,234</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 made a one-time transfer of \$264,231 from the 911 Emergency Services Fund (Fund #5907) to the 911 Emergency Services Fund (Fund #2910) to transfer the balance of the fund to a new fund using the correct fund number. The County also made a one-time transfer of \$49,724 from the 911 Wireless Service Fund to the County General

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

6. Interfund Transfers (Concluded)

Fund to reimburse the General Fund for costs originally paid by that fund, in accordance with requirements of the Nebraska Public Service Commission. Finally, the County transferred \$7,358, \$2,863, \$192, and \$64 from the General Fund, Road Fund, Civil Defense Fund, and Noxious Weed Fund, respectively, to the Liability Claims Reserve Fund, for the County's portion of self-insurance premiums.

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.

8. Brodstone Memorial Hospital Bond – Conduit Debt

To provide for the refinancing of certain promissory notes originally issued to pay the costs of acquiring, constructing, furnishing, and equipping improvements to the facilities of Brodstone Memorial Hospital (Hospital), the County issued revenue bonds on May 22, 2013, in the amount of \$4,000,000, bearing interest at 3.07% and maturing on May 22, 2028. These bonds are special limited obligations of the County payable solely from and secured by loan payments to be received from the Hospital. The bonds do not constitute a debt or pledge of faith of the County and, accordingly, have not been reported in the accompanying financial statements. The outstanding debt balance as of April 30, 2018, was \$2,888,586 per the Hospital's audit report. Additional information may be obtained from the Hospital's Administrative Office.

NUCKOLLS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,858,065	\$ 2,858,065	\$ 2,659,838	\$ (198,227)
Licenses and Permits	15,850	15,850	19,505	3,655
Interest	3,000	3,000	8,417	5,417
Intergovernmental	30,000	30,000	326,062	296,062
Charges for Services	183,362	183,362	225,908	42,546
Miscellaneous	-	-	11,373	11,373
TOTAL RECEIPTS	<u>3,090,277</u>	<u>3,090,277</u>	<u>3,251,103</u>	<u>160,826</u>
DISBURSEMENTS				
General Government:				
County Board	125,369	125,369	120,155	5,214
County Clerk	156,511	156,511	140,363	16,148
County Treasurer	158,216	158,216	155,775	2,441
County Assessor	169,614	169,614	150,856	18,758
Election Commissioner	51,545	51,545	41,263	10,282
Clerk of the District Court	68,359	68,359	64,894	3,465
County Court System	8,450	8,450	6,802	1,648
Building and Grounds	208,436	208,436	147,592	60,844
Agricultural Extension Agent	90,176	90,176	82,801	7,375
Miscellaneous	587,840	587,840	316,824	271,016
Public Safety				
County Sheriff	426,093	426,093	390,222	35,871
County Attorney	112,515	112,515	89,431	23,084
County Jail	352,455	352,455	323,373	29,082
Public Assistance				
Veterans' Service Officer	21,075	21,075	18,913	2,162
TOTAL DISBURSEMENTS	<u>2,536,654</u>	<u>2,536,654</u>	<u>2,049,264</u>	<u>487,390</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>553,623</u>	<u>553,623</u>	<u>1,201,839</u>	<u>648,216</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	249,724	249,724	249,724	-
Transfers out	(1,423,052)	(1,423,052)	(1,486,412)	(63,360)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,173,328)</u>	<u>(1,173,328)</u>	<u>(1,236,688)</u>	<u>(63,360)</u>
Net Change in Fund Balance	(619,705)	(619,705)	(34,849)	584,856
FUND BALANCE - BEGINNING	<u>944,705</u>	<u>944,705</u>	<u>944,705</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 909,856</u>	<u>\$ 584,856</u>

NUCKOLLS 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				
Licenses and Permits	\$ -	\$ -	\$ 50	\$ 50
Intergovernmental	1,157,064	1,157,064	1,169,639	12,575
Charges for Services	-	-	25	25
Miscellaneous	8,000	8,000	17,999	9,999
TOTAL RECEIPTS	<u>1,165,064</u>	<u>1,165,064</u>	<u>1,187,713</u>	<u>22,649</u>
DISBURSEMENTS	<u>3,194,825</u>	<u>3,194,825</u>	<u>2,099,084</u>	<u>1,095,741</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,029,761)</u>	<u>(2,029,761)</u>	<u>(911,371)</u>	<u>1,118,390</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,423,052	1,423,052	1,406,827	(16,225)
Transfers out	-	-	(2,863)	(2,863)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,423,052</u>	<u>1,423,052</u>	<u>1,403,964</u>	<u>(19,088)</u>
Net Change in Fund Balance	(606,709)	(606,709)	492,593	1,099,302
FUND BALANCE - BEGINNING	<u>931,709</u>	<u>931,709</u>	<u>931,709</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$1,424,302</u>	<u>\$ 1,099,302</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 50,000	\$ 50,000	\$ 696,851	\$ 646,851
Interest	3,000	3,000	12,640	9,640
TOTAL RECEIPTS	<u>53,000</u>	<u>53,000</u>	<u>709,491</u>	<u>656,491</u>
DISBURSEMENTS	<u>1,623,095</u>	<u>1,623,095</u>	<u>230,173</u>	<u>1,392,922</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,570,095)</u>	<u>(1,570,095)</u>	<u>479,318</u>	<u>2,049,413</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(234,748)	(34,748)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(234,748)</u>	<u>(34,748)</u>
Net Change in Fund Balance	(1,770,095)	(1,770,095)	244,570	2,014,665
FUND BALANCE - BEGINNING	<u>1,770,095</u>	<u>1,770,095</u>	<u>1,770,095</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,014,665</u>	<u>\$ 2,014,665</u>

NUCKOLLS 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)
SHERIFF EQUIPMENT RESERVE FUND				
Receipts	\$ 320	\$ 320	\$ 190	\$ (130)
Disbursements	(840)	(840)	-	840
Net Change in Fund Balance	(520)	(520)	190	710
Fund Balance - Beginning	520	520	520	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710</u>	<u>\$ 710</u>
CIVIL DEFENSE FUND				
Receipts	\$ 72,227	\$ 72,227	\$ 9,023	\$ (63,204)
Disbursements	(82,695)	(82,695)	(65,171)	17,524
Transfers in	-	-	72,227	72,227
Transfers out	-	-	(192)	(192)
Net Change in Fund Balance	(10,468)	(10,468)	15,887	26,355
Fund Balance - Beginning	10,468	10,468	10,468	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,355</u>	<u>\$ 26,355</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ 6,000	\$ 6,000	\$ 5,388	\$ (612)
Disbursements	(6,395)	(6,395)	(6,250)	145
Transfers in	-	-	467	467
Transfers out	-	-	-	-
Net Change in Fund Balance	(395)	(395)	(395)	-
Fund Balance - Beginning	395	395	395	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,100	\$ 3,100	\$ 3,053	\$ (47)
Disbursements	(7,931)	(7,931)	(4,139)	3,792
Net Change in Fund Balance	(4,831)	(4,831)	(1,086)	3,745
Fund Balance - Beginning	4,831	4,831	4,831	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,745</u>	<u>\$ 3,745</u>

(Continued)

NUCKOLLS 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)
RELIEF MEDICAL FUND				
Receipts	\$ 600	\$ 600	\$ 517	\$ (83)
Disbursements	(55,606)	(55,606)	(6,500)	49,106
Net Change in Fund Balance	(55,006)	(55,006)	(5,983)	49,023
Fund Balance - Beginning	80,006	80,006	80,006	-
Fund Balance - Ending	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 74,023</u>	<u>\$ 49,023</u>
VETERAN'S AID FUND				
Receipts	\$ 4	\$ 4	\$ 4	\$ -
Disbursements	(571)	(571)	-	571
Net Change in Fund Balance	(567)	(567)	4	571
Fund Balance - Beginning	567	567	567	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 571</u>	<u>\$ 571</u>
DIVERSION PROGRAM FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 3,375	\$ 1,875
Disbursements	(6,413)	(6,413)	(5,964)	449
Net Change in Fund Balance	(4,913)	(4,913)	(2,589)	2,324
Fund Balance - Beginning	4,913	4,913	4,913	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,324</u>	<u>\$ 2,324</u>
911 EMERGENCY SERVICES FUND				
Receipts	\$ 38,270	\$ 38,270	\$ 38,917	\$ 647
Disbursements	(302,501)	(302,501)	(28,105)	274,396
Transfers in	264,231	264,231	264,231	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	275,043	275,043
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,043</u>	<u>\$ 275,043</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 43,062	\$ 43,062	\$ 43,062	\$ -
Disbursements	(23,359)	(23,359)	(17,553)	5,806
Transfers in	-	-	-	-
Transfers out	(49,724)	(49,724)	(49,724)	-
Net Change in Fund Balance	(30,021)	(30,021)	(24,215)	5,806
Fund Balance - Beginning	30,021	30,021	30,021	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,806</u>	<u>\$ 5,806</u>

NUCKOLLS 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)
<u>NOXIOUS WEED CONTROL FUND</u>				
Receipts	\$ 34,281	\$ 34,281	\$ 24,415	\$ (9,866)
Disbursements	(47,865)	(47,865)	(39,126)	8,739
Transfers in	-	-	34,281	34,281
Transfers out	-	-	(64)	(64)
Net Change in Fund Balance	(13,584)	(13,584)	19,506	33,090
Fund Balance - Beginning	13,584	13,584	13,584	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,090</u>	<u>\$ 33,090</u>
<u>911 EMERGENCY SERVICES FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(264,231)	(264,231)	(264,231)	-
Net Change in Fund Balance	(264,231)	(264,231)	(264,231)	-
Fund Balance - Beginning	264,231	264,231	264,231	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>HIGHWAY BRIDGE BUYBACK FUND</u>				
Receipts	\$ 193,745	\$ 193,745	\$ 193,745	\$ -
Disbursements	(439,265)	(439,265)	-	439,265
Net Change in Fund Balance	(245,520)	(245,520)	193,745	439,265
Fund Balance - Beginning	245,520	245,520	245,520	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,265</u>	<u>\$ 439,265</u>
<u>LIABILITY CLAIM RESERVE FUND</u>				
Receipts	\$ 2,000	\$ 2,000	\$ 39,378	\$ 37,378
Disbursements	(526,087)	(526,087)	(123,241)	402,846
Transfers in	-	-	10,477	10,477
Transfers out	-	-	-	-
Net Change in Fund Balance	(524,087)	(524,087)	(73,386)	450,701
Fund Balance - Beginning	524,087	524,087	524,087	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,701</u>	<u>\$ 450,701</u>

(Concluded)

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

	Sheriff Equipment Reserve Fund	Civil Defense Fund	Visitor's Promotion Fund	Preservation and Modernization Fund	Relief Medical Fund
RECEIPTS					
Property Taxes	\$ -	\$ 29	\$ 5,388	\$ -	\$ -
Investment Income	-	-	-	-	471
Intergovernmental	-	8,994	-	-	46
Charges for Services	190	-	-	3,053	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>190</u>	<u>9,023</u>	<u>5,388</u>	<u>3,053</u>	<u>517</u>
DISBURSEMENTS					
General Government	-	-	-	4,139	6,500
Public Safety	-	65,171	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	6,250	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>65,171</u>	<u>6,250</u>	<u>4,139</u>	<u>6,500</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>190</u>	<u>(56,148)</u>	<u>(862)</u>	<u>(1,086)</u>	<u>(5,983)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	72,227	467	-	-
Transfers out	-	(192)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>72,035</u>	<u>467</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	190	15,887	(395)	(1,086)	(5,983)
FUND BALANCES - BEGINNING	<u>520</u>	<u>10,468</u>	<u>395</u>	<u>4,831</u>	<u>80,006</u>
FUND BALANCES - ENDING	<u>\$ 710</u>	<u>\$ 26,355</u>	<u>\$ -</u>	<u>\$ 3,745</u>	<u>\$ 74,023</u>
FUND BALANCES:					
Restricted for:					
911 Emergency Services	-	-	-	-	-
Preservation of Records	-	-	-	3,745	-
Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	710	-	-	-	-
Aid and Assistance	-	-	-	-	74,023
Public Safety	-	26,355	-	-	-
Noxious Weeds	-	-	-	-	-
Self Insurance	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 710</u>	<u>\$ 26,355</u>	<u>\$ -</u>	<u>\$ 3,745</u>	<u>\$ 74,023</u>

(Continued)

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

	Veteran's Aid Fund	Diversion Program Fund	911 Emergency Services Fund	911 Wireless Service Fund	Noxious Weed Control Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 21,298	\$43,062	\$20,389
Investment Income	4	-	1,653	-	185
Intergovernmental	-	-	9,050	-	3,441
Charges for Services	-	3,375	2,400	-	-
Miscellaneous	-	-	4,516	-	400
TOTAL RECEIPTS	<u>4</u>	<u>3,375</u>	<u>38,917</u>	<u>43,062</u>	<u>24,415</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	5,964	28,105	17,553	-
Public Works	-	-	-	-	39,126
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>5,964</u>	<u>28,105</u>	<u>17,553</u>	<u>39,126</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>4</u>	<u>(2,589)</u>	<u>10,812</u>	<u>25,509</u>	<u>(14,711)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	264,231	-	34,281
Transfers out	-	-	-	(49,724)	(64)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>264,231</u>	<u>(49,724)</u>	<u>34,217</u>
Net Change in Fund Balances	4	(2,589)	275,043	(24,215)	19,506
FUND BALANCES - BEGINNING	<u>567</u>	<u>4,913</u>	<u>-</u>	<u>30,021</u>	<u>13,584</u>
FUND BALANCES - ENDING	<u>\$ 571</u>	<u>\$ 2,324</u>	<u>\$ 275,043</u>	<u>\$ 5,806</u>	<u>\$33,090</u>
FUND BALANCES:					
Restricted for:					
911 Emergency Services	-	-	275,043	5,806	-
Preservation of Records	-	-	-	-	-
Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	2,324	-	-	-
Aid and Assistance	571	-	-	-	-
Public Safety	-	-	-	-	-
Noxious Weeds	-	-	-	-	33,090
Self Insurance	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 571</u>	<u>\$ 2,324</u>	<u>\$ 275,043</u>	<u>\$ 5,806</u>	<u>\$33,090</u>

(Continued)

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

	911 Emergency Services Fund	Highway Bridge Buyback Fund	Liability Claim Reserve Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ 90,166
Investment Income	-	-	3,063	5,376
Intergovernmental	-	193,745	-	215,276
Charges for Services	-	-	-	9,018
Miscellaneous	-	-	36,315	41,231
TOTAL RECEIPTS	-	193,745	39,378	361,067
DISBURSEMENTS				
General Government	-	-	123,241	133,880
Public Safety	-	-	-	116,793
Public Works	-	-	-	39,126
Culture and Recreation	-	-	-	6,250
TOTAL DISBURSEMENTS	-	-	123,241	296,049
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	193,745	(83,863)	65,018
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	10,477	381,683
Transfers out	(264,231)	-	-	(314,211)
TOTAL OTHER FINANCING SOURCES (USES)	(264,231)	-	10,477	67,472
Net Change in Fund Balances	(264,231)	193,745	(73,386)	132,490
FUND BALANCES - BEGINNING	264,231	245,520	524,087	1,179,143
FUND BALANCES - ENDING	\$ -	\$ 439,265	\$ 450,701	\$ 1,311,633
FUND BALANCES:				
Restricted for:				
911 Emergency Services	-	-	-	280,849
Preservation of Records	-	-	-	3,745
Road Projects	-	439,265	-	439,265
Committed to:				
Law Enforcement	-	-	-	3,034
Aid and Assistance	-	-	-	74,594
Public Safety	-	-	-	26,355
Noxious Weeds	-	-	-	33,090
Self Insurance	-	-	450,701	450,701
TOTAL FUND BALANCES	\$ -	\$ 439,265	\$ 450,701	\$ 1,311,633

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Total
BALANCES JULY 1, 2017	\$ 3,873	\$ 543	\$ 1,786	\$ 4,336	\$ -	\$ 10,538
RECEIPTS						
Licenses and Permits	788	-	485	-	50	1,323
Charges for Services	32,086	4,873	11,152	-	-	48,111
Miscellaneous	-	-	-	-	6,342	6,342
State Fees	31,884	4,317	-	-	-	36,201
Other Liabilities	-	196,520	2,519	-	-	199,039
TOTAL RECEIPTS	64,758	205,710	14,156	-	6,392	291,016
DISBURSEMENTS						
Payments to County Treasurer	33,686	4,854	12,578	-	6,392	57,510
Payments to State Treasurer	30,963	4,383	-	-	-	35,346
Other Liabilities	-	193,383	2,164	3,533	-	199,080
TOTAL DISBURSEMENTS	64,649	202,620	14,742	3,533	6,392	291,936
BALANCES JUNE 30, 2018	<u>\$ 3,982</u>	<u>\$ 3,633</u>	<u>\$ 1,200</u>	<u>\$ 803</u>	<u>\$ -</u>	<u>\$ 9,618</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 1,927	\$ 226	\$ 77	\$ -	\$ -	\$ 2,230
Petty Cash	-	-	520	-	-	520
Due to State Treasurer	2,055	108	-	-	-	2,163
Due to Others	-	3,299	603	803	-	4,705
BALANCES JUNE 30, 2018	<u>\$ 3,982</u>	<u>\$ 3,633</u>	<u>\$ 1,200</u>	<u>\$ 803</u>	<u>\$ -</u>	<u>\$ 9,618</u>

NUCKOLLS 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	\$ 10,029,698	\$ 11,233,936	\$ 13,057,622	\$ 13,274,481	\$ 13,173,289
Personal and Specials	1,574,513	1,328,488	1,256,161	1,074,294	1,053,901
Total	11,604,211	12,562,424	14,313,783	14,348,775	14,227,190
Corrections					
Additions	944	604	664	-	-
Deductions	(7,958)	(9,493)	(4,953)	(219)	-
Net Additions/ (Deductions)	(7,014)	(8,889)	(4,289)	(219)	-
Corrected Certified Tax	11,597,197	12,553,535	14,309,494	14,348,556	14,227,190
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2014	7,630,450	-	-	-	-
June 30, 2015	3,941,560	8,215,384	-	-	-
June 30, 2016	11,996	4,317,393	9,348,664	-	-
June 30, 2017	4,845	10,079	4,942,974	9,475,929	-
June 30, 2018	1,785	4,968	8,419	4,850,042	9,345,661
Total Net Collections	11,590,636	12,547,824	14,300,057	14,325,971	9,345,661
Total Uncollected Tax	\$ 6,561	\$ 5,711	\$ 9,437	\$ 22,585	\$ 4,881,529
Percentage Uncollected Tax	0.06%	0.05%	0.07%	0.16%	34.31%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners
Nuckolls County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nuckolls County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Nuckolls County's basic financial statements, and have issued our report thereon dated May 6, 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 Nuckolls County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nuckolls County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Nuckolls County in a separate letter dated May 6, 2019.

Nuckolls County's Response to Findings

Nuckolls County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 6, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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May 6, 2019

Board of Commissioners
Nuckolls County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Nuckolls County (County) for the fiscal year ended June 30, 2018, and have issued our report thereon dated May 6, 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 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.

COUNTY ATTORNEY

Unknown Trust Balance

During the audit, we noted the County Attorney's office was maintaining \$516 in its bank account at June 30, 2018, and could not identify the proper recipient of those funds.

Sound accounting practice and good internal controls require procedures to ensure the office is able to identify the proper recipient of all funds maintained in its bank account. Without such procedures, there is an increased risk for the loss and/or misuse of funds.

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

COUNTY BOARD

Claims Procedures

During the audit, we noted claim number 18060210, approved June 25, 2018, was payable to Mid-American Benefits, Inc., for \$40,000. No supporting documentation was kept on file to support how this amount was determined. According to the County Clerk, this claim was issued to set up a health savings account for County employees with Mid-American Benefits, Inc.

Additionally, we noted this check had not been cashed as of audit fieldwork in April 2019. In previous fiscal years, the County had utilized Mid-American Benefits, Inc., to administer the County's self-funded health insurance plan. During fiscal year 2018, the County appears to have had a remaining plan balance at Mid-American Benefits, Inc., which was used to set up the health savings account; thus, the \$40,000 check was uncashed. Per the County Clerk, the County has tried unsuccessfully to have the check returned from Mid-American Benefits, Inc.

A good internal control plan and sound accounting practices require procedures to ensure adequate supporting documentation is maintained for all payments, which are issued only for necessary expenses. Without such procedures, there is an increased risk for the loss, theft, and/or misuse of County funds.

We recommend the County Board implement procedures to ensure adequate supporting documentation is attached to all claims, showing the necessity of those payments. Additionally, the County may consider having the bank issue a stop payment on the check.

Inventory Procedures

During our review of the County's inventory procedures, we noted that the County Board had not adopted a formal inventory policy outlining the types and value of items to be included on the inventory statements. Additionally, a 2015 Chevy Silverado at the County Sheriff's office was not included on that office's inventory statement.

Neb. Rev. Stat. § 23-347 (Reissue 2012) requires the following:

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

Good internal control and sound accounting practices require the County Board to adopt an inventory policy specifying which items should be included on the annual inventory statements, and at which dollar thresholds, so the officials will be aware of what items need to be included on those listings.

Without such a policy, there is an increased risk of not only inaccurate or incomplete inventory statements but also the loss, theft, or misuse of County-owned assets.

We recommend the County Board implement an inventory policy to assist County officials in the completion of their annual inventory statements.

Leave Balances

During our audit, we noted that individual offices maintain employee records for earned and used leave; however, the County Board does not receive, much less review, leave usage and balance statements for all employees to ensure that applicable County policies are being followed.

Good internal controls and sound business practices require procedures to ensure that the County Board obtains and reviews employee vacation and other paid leave usage and balance statements for reasonableness, as well as to be aware of any pending large payouts upon employee termination.

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

We recommend the County Board implement procedures to ensure the County Board obtains and reviews employee vacation and other paid leave usage and balance statements for reasonableness.

County Board Meeting Minutes and Publications

During the audit, we noted the following issue regarding the County Board's publication of its meeting minutes:

- For 8 of 10 meetings tested, newspaper publications were not made within 10 business days of the County Board's meeting. Those late publications were made between 13 and 24 business days after the meetings.

Neb. Rev. Stat. § 23-122 (Reissue 2012) states, in relevant part, the following:

The county board of all counties having a population of less than one hundred fifty thousand inhabitants shall cause to be published, within ten working days after the close of each annual, regular, or special meeting of the board, a brief statement of the proceedings thereof which shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item, in one newspaper of general circulation published in the county. . . .

A good internal control plan requires procedures to ensure that the County Board’s meeting minutes adhere to all statutory requirements.

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

We recommend the County Board implement procedures to ensure all facets of its meeting minutes comply with applicable statutory requirements, including the 10-day publication deadline.

COUNTY CLERK

Office Procedures

During our audit, we noted that the County Clerk’s office was not performing adequate monthly reconciliations of its bank account. Consequently, as of June 30, 2018, there was an unexplained cash long of \$56 between the book and bank balances.

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

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

We recommend the County Clerk implement procedures to ensure adequate records are maintained at all times to support bank balances, and complete and accurate bank reconciliations are performed on, at least, a monthly basis.

COUNTY SHERIFF

Office Procedures

During the audit, we noted that the County Sheriff had an unknown cash long of \$236 at June 30, 2018. The Sheriff’s office was unable to identify the proper recipient of these funds.

Sound accounting practices and good internal control require procedures to ensure, at least monthly, that office assets are in agreement with office liabilities. Those procedures should include the timely identification and resolution of any variances noted.

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, at least monthly, that office assets are in agreement with office liabilities, and any variances are identified and resolved in a timely manner.

COUNTY TREASURER

Unauthorized Payments

During our audit, we noted that the County Treasurer issued 12 payments, totaling \$20,091, that were not approved by the County Board through the claim and warrant process. The County Board did subsequently approve claims for all of these payments.

The following table provides the details of the initially unapproved payments:

Check Number	Payee	Amount
11718	Barton County Sheriff	\$ 25
11725	Nebraska Association of Emergency Management	\$ 50
11727	Nebraska Department of Agriculture	\$ 50
11739	Nebraska Weed Control Association	\$ 120
11743	Alexander Motor-Purchase of Sheriff pickup	\$ 19,249
11744	Austin Cookus	\$ 200
11746	Postmaster	\$ 49
11755	Postmaster	\$ 98
11759	Nebraska Association of Emergency Management	\$ 85
11764	UNL Pesticide Safety Education Office	\$ 90
11796	Postmaster	\$ 60
11798	The Camera Doctor	\$ 15
Total		\$ 20,091

During fiscal year 2018, the County Board approved claims only once per month. According to the County Treasurer, the payments at issue were time sensitive and could not wait until the next Board meeting to be approved.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states, in relevant part, the following:

All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrant issued by the county board according to law, except when special provision for the payment of county money is otherwise made by law.

The payment of County funds without the prior approval of the County Board not only conflicts with State statute but also increases the risk of loss and/or misuse of public monies.

We recommend the County Treasurer pay out County funds only through the claim and warrant process, pursuant to the approval of the County Board. Should the County continue to encounter situations in which time-sensitive payments are required, we recommend the County Board consider establishing authorized petty cash funds for officials or approving claims more than once per month.

* * * * *

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

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

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 horizontal flourish extending to the right.

Deann Haeffner, CPA
Assistant Deputy Auditor