

AUDIT REPORT  
OF  
THURSTON COUNTY, NEBRASKA

JUNE 30, 2018



**DANA F. COLE  
& COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS



AUDIT REPORT  
OF  
THURSTON COUNTY, NEBRASKA  
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**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors  
Thurston County  
Pender, Nebraska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Thurston County, Nebraska, 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 error or fraud.

### *Auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Thurston County, Nebraska, as of June 30, 2018, and the respective changes in financial position - cash basis thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## *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 opinion is not modified with respect to that matter.

## *Other Matters*

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thurston County, Nebraska's basic financial statements. The management's discussion and analysis on pages 4 - 9 and the supplementary information on pages 30 - 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on pages 41 - 47 is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 41 - 47 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis on pages 4 - 9 and the budgetary comparison schedules on pages 30 - 40, which are the responsibility of management, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basis financials, and accordingly, we do not express an opinion or provide any assurance on it.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, Thurston County, Nebraska's basic financial statements for the year ended June 30, 2017, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thurston County, Nebraska's basic financial statements as a whole. The supplementary information on pages 30 - 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial

statements. The information not been subjected to the auditing procedures applied in the audit of those basic financial statements and accordingly, we did not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2019, on our consideration of Thurston County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Thurston County, Nebraska's internal control over financial reporting and compliance.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
June 13, 2019

THURSTON COUNTY, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of Thurston County, Nebraska (the County) provides an overview and analysis of the County's financial activities for the fiscal year ended June 30, 2018. The intent of the MD&A is to look at the County's financial performance as a whole. Readers should also review the financial statements found in the financial section starting on page 10, and the notes thereto, to enhance their understanding of the County's financial performance.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) Management's Discussion and Analysis; (2) the Basic Financial Statements, including the notes; and (3) Supplementary Schedules.

The accompanying basic financial statements have been prepared on the cash basis of accounting; in that, all expenses are recorded at the time of payment and income is reported at the time of receipt.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Examples of governmental funds include: General Fund, Road Fund, and Inheritance Tax Fund. Proprietary funds would be used to account for the County's business-type activities. The County has no business-type activities. Fiduciary funds report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the County's own programs. The funds maintained by the County Treasurer and the other county officers are fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data about the financial statements of the County's commitments, risk management, and long-term debt obligations that are not reported in the financial statements.

#### FINANCIAL HIGHLIGHTS

During the 2017 - 2018 fiscal year, the County's General Fund receipts of \$4,043,419 were greater than budgeted by \$140,302, primarily due to the increase in local receipts and transfers from other funds. Tax receipts were less than budget by \$220,439, or 7.26%.

The County's General Fund disbursements, \$3,901,413, were 5.77% less than this year's budget of \$4,141,992. This represents a decrease of 2.22 % over the previous year's actual spending of \$3,990,073.

The County's total net position was \$2,600,203 at June 30, 2018, a decrease of \$1,888,679, or 42.07%, over total net position at June 30, 2017. The decrease was primarily the result of completing the construction of the Jail/Correctional Complex Building.

#### USING THIS ANNUAL REPORT

This annual report consists of four parts as follows:

Government-Wide Financial Statements - The statement of activities and net position (on pages 10 through 11) provides information about the activities of the County government-wide (or "as a whole") and presents a longer-term view of the County's finances.

THURSTON COUNTY, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT (Continued)

Fund Financial Statements - Fund financial statements (starting on page 12) focus on the individual parts of the County government. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities and businesses the County operates, such as the water, sewer, and sanitation services. The County did not have any proprietary activities during the fiscal year.

Notes to the Financial Statements - The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information - This part of the annual report (starting on page 30) includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column). This supplementary financial information is provided to address certain specific needs of various users of the County's annual report.

Basis of Accounting

The County has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the County's cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related receipts and certain liabilities and their related disbursements are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the County as a Whole

**The County's Reporting Entity Presentation**

This annual report includes all activities for which the County Board is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and other separate legal entities that are included as component units.

The primary government includes the following legal entity:

Thurston County, Nebraska

The County currently does not have any component units.

THURSTON COUNTY, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT (Continued)

**The Government-Wide Statement of Activities and Net Position**

The government-wide financial statement is presented on pages 10 - 11. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of activities and net position reports information about the County as a whole and about its activities in a way that helps answer this question. This statement includes all of the County's assets and liabilities resulting from the use of the cash basis of accounting.

This statement reports the County's net position and changes in it. Keeping in mind the limitations of the cash basis of accounting, you can think of the County's net position - the difference between assets and liabilities - as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the statement of activities and net position, we divide the County's activities into two kinds:

**Governmental Activities** - Most of the County's basic services are reported here, including the general government, public safety, public works, public health, public welfare and social services, culture and recreation, and debt service payments. Taxes, federal receipts, state receipts, and local receipts finance most of these activities.

**Business-Type Activities** - The County does not have any business-type activities.

Reporting the County's Most Significant Funds

**The Fund Financial Statements**

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds - governmental and fiduciary - use the same accounting approaches.

**Governmental Funds** - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as disbursements and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine (through a

THURSTON COUNTY, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT (Continued)

Reporting the County's Most Significant Funds (Continued)

The Fund Financial Statements (Continued)

review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The County considers the General Fund, the Road Fund, the Inheritance Tax Fund, the Jail/Correctional Complex Building Fund, and the Jail Fund to be its significant or major governmental funds. All other governmental funds are aggregated in a single column entitled "Other Governmental Funds."

Fiduciary Funds - Are used to account for assets held by the County in a trustee capacity for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

A FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position - Cash Basis

The County's combined net position, resulting from cash basis transactions, decreased from \$4,488,882 to \$2,600,203 between fiscal years 2017 and 2018. The following is a recap of the activity for the fiscal years 2018 and 2017.

	2018	2017
Total cash and investments	<u>2,600,203</u>	<u>4,488,882</u>
Net position		
Restricted	522,564	2,255,316
Unrestricted	<u>2,077,639</u>	<u>2,233,566</u>
Total net position	<u>2,600,203</u>	<u>4,488,882</u>

The results of this year's operation as a whole are reported in the statement of activities and net position on pages 10 - 11. All disbursements are reported in the first column. Specific charges, grants, receipts, and subsidies that directly relate to specific disbursement categories are represented to determine the final amount of the County's activities that are supported by general receipts. The two largest general receipts are the local taxes assessed to community taxpayers and highway allocation funds for roads provided by the state of Nebraska.

THURSTON COUNTY, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

A FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (Continued)

Below is information from that statement, rearranged slightly, so you can see our total receipts for the year.

	Governmental Activities	
	2018	2017
<b>RECEIPTS</b>		
Program receipts		
Charges for services	646,822	405,695
Operating grants and contributions	322,899	359,443
Capital grants and contributions		924,878
General receipts		
Taxes	4,056,040	3,832,995
State	1,227,201	1,134,817
Local	142,968	63,412
Total receipts	6,395,930	6,721,240
<b>DISBURSEMENTS</b>		
General Government	1,887,384	1,676,668
Public Safety	1,902,643	1,384,833
Public Works	4,044,164	7,241,317
Public Welfare and Social Services	51,310	49,115
Cultural and Recreational	3,525	
Debt Service		
Principal retirements	230,000	225,000
Interest	165,183	169,732
Fiscal charges	400	400
Total disbursements	8,284,609	10,747,065
CHANGE IN NET POSITION - CASH BASIS	(1,888,679)	(4,025,825)
NET POSITION - CASH BASIS, beginning	4,488,882	8,514,707
NET POSITION - CASH BASIS, ending	2,600,203	4,488,882

During the 2017 - 2018 fiscal year the County determined the use of certain funds was no longer necessary and therefore these fund balances were transferred to the General or other funds in which the use of the funds could be better utilized. The following funds were closed during the year: Special Road, Emergency Bridge, CDBG Grant, County Building Sinking, and ADA Building.

Additional information on Thurston County, Nebraska's transfers can be found in Note 7 of the report.

THURSTON COUNTY, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The County's tax levy remained at a stable level from the previous year.

	Fiscal Year 2018	Fiscal Year 2017
General Fund	0.270000	0.270000
Jail Bond Fund	<u>0.040563</u>	<u>0.041576</u>
Total levy	<u>0.310563</u>	<u>0.311576</u>

During the year the County amended their 2017 - 2018 budget twice. The first amendment occurred in October 2017 in order to make a correction to the budget that was filed in September 2017. The only fund affected by this amendment was the Road Fund. The second amendment occurred in March 2018, as the County determined it was necessary to increase the Building Sinking Fund receipts and disbursements in the amount of \$43,250 for additional receipts and disbursements not foreseen at the time of the original budget hearing.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, Thurston County, Nebraska, had total bonded debt outstanding of \$5,480,000. All of the debt is backed by the full faith and credit of the government. The remainder of the debt is represented by long-term capital leases, with an outstanding balance at the end of the year of \$456,900. Capital leases primarily consist of road equipment and Sheriff's vehicles.

Thurston County, Nebraska's total debt decreased \$504,566 during the current fiscal year. During the year the County made a \$230,000 payment towards principal for the bond and also paid down the leases in the amount of \$274,566. The County did not enter into any new lease agreements in the current fiscal year.

Additional information on Thurston County, Nebraska's long-term debt can be found in Note 4 of the report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

For the upcoming fiscal year ending June 30, 2018, the County's budget is fairly consistent with this year. The 2018 - 2019 total levy was reduced from the 2017 - 2018 budget.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Clerk's Office, P.O. Box 159, Pender, Nebraska, 68047 or telephone at 402.385.2343.

THURSTON COUNTY, NEBRASKA  
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2018

	Cash	<u>Program Cash Receipts</u>		Net
	Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	(Disbursements) Receipts and Changes in Net Position
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	1,887,384	198,466	1,200	(1,687,718)
Public Safety	1,902,643	354,390	95,152	(1,453,101)
Public Works	4,044,164	93,966	226,547	(3,723,651)
Public Welfare and Social Services	51,310			(51,310)
Cultural and Recreational	3,525			(3,525)
Debt Service				
Principal retirements	230,000			(230,000)
Interest	165,183			(165,183)
Fiscal charges	400			(400)
Total governmental activities	<u>8,284,609</u>	<u>646,822</u>	<u>322,899</u>	<u>(7,314,888)</u>
<b>GENERAL RECEIPTS</b>				
Taxes				
Property tax				3,060,557
Motor vehicle tax				167,328
Inheritance tax				506,557
911 surcharge tax				71,072
Lodging tax				3,463
Property tax credit				241,057
Carline and airline tax				6,006
Total taxes				<u>4,056,040</u>
Highway/Street allocation				1,050,220
Motor vehicle fee				84,764
Incentive payments				9,750
Insurance allocation				17,037
Insurance credit				18,384
Prorate motor vehicle				467

THURSTON COUNTY, NEBRASKA  
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Disbursements	Program Cash Receipts Fees, Fines, and Charges for Services	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
GENERAL RECEIPTS (Continued)				
Interest on investments				37,503
Homestead exemption payments				16,041
Sale of surplus property				1,498
Miscellaneous receipts				<u>103,967</u>
Total general receipts				<u>5,426,209</u>
DECREASE IN NET POSITION				(1,888,679)
NET POSITION, beginning of year				<u>4,488,882</u>
NET POSITION, end of year				<u>2,600,203</u>
ASSETS				
Cash and cash equivalents				1,840,391
Investments				<u>759,812</u>
TOTAL ASSETS				<u>2,600,203</u>
NET POSITION				
Restricted				522,564
Unrestricted				<u>2,077,639</u>
TOTAL NET POSITION				<u>2,600,203</u>

See accompanying notes to financial statements.

THURSTON COUNTY, NEBRASKA  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	General Fund	Road Fund	Inheritance Tax Fund	Jail/ Correctional Complex Building	Jail Bond	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Taxes	2,816,686		506,556		400,662	3,462	3,727,366
Federal receipts	91,986					2,111	94,097
State receipts	258,331	1,183,709			33,517	187,572	1,663,129
Local receipts	385,294	96,063	11,499		71	418,411	911,338
Total receipts	<u>3,552,297</u>	<u>1,279,772</u>	<u>518,055</u>		<u>434,250</u>	<u>611,556</u>	<u>6,395,930</u>
<b>DISBURSEMENTS</b>							
General Government	1,887,384						1,887,384
Public Safety	1,364,219					538,424	1,902,643
Public Works	600	1,953,511	44	1,420,061		669,948	4,044,164
Public Welfare and Social Services	49,210					2,100	51,310
Cultural and Recreational						3,525	3,525
Debt Service							
Principal retirements					230,000		230,000
Interest					165,183		165,183
Fiscal charges					400		400
Total disbursements	<u>3,301,413</u>	<u>1,953,511</u>	<u>44</u>	<u>1,420,061</u>	<u>395,583</u>	<u>1,213,997</u>	<u>8,284,609</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>250,884</u>	<u>(673,739)</u>	<u>518,011</u>	<u>(1,420,061)</u>	<u>38,667</u>	<u>(602,441)</u>	<u>(1,888,679)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	491,122	881,721	50,000			336,463	1,759,306
Operating transfers out	<u>(600,000)</u>		<u>(700,000)</u>			<u>(459,306)</u>	<u>(1,759,306)</u>
Total other financing sources (uses)	<u>(108,878)</u>	<u>881,721</u>	<u>(650,000)</u>			<u>(122,843)</u>	

THURSTON COUNTY, NEBRASKA  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	General Fund	Road Fund	Inheritance Tax Fund	Jail/ Correctional Complex Building	Jail Bond	Other Governmental Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	142,006	207,982	(131,989)	(1,420,061)	38,667	(725,284)	(1,888,679)
CASH BASIS FUND BALANCE, beginning of of year	<u>242,327</u>	<u>70,449</u>	<u>1,060,290</u>	<u>1,420,061</u>	<u>225,014</u>	<u>1,470,741</u>	<u>4,488,882</u>
13 CASH BASIS FUND BALANCE, end of year	<u>384,333</u>	<u>278,431</u>	<u>928,301</u>	<u>          </u>	<u>263,681</u>	<u>745,457</u>	<u>2,600,203</u>
CASH BASIS ASSETS, end of year							
Cash	<u>384,333</u>	<u>278,431</u>	<u>928,301</u>	<u>          </u>	<u>263,681</u>	<u>745,457</u>	<u>2,600,203</u>
CASH BASIS FUND BALANCES, end of year							
Restricted							
Preservation and modernization						14,756	14,756
Child Abuse Grant						199	199
Jail Bond					263,681		263,681
Federal Funds Buy Back Program						243,928	243,928
Committed			928,301			8,217	936,518
Assigned		278,431				478,357	756,788
Unassigned	<u>384,333</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>384,333</u>
Total fund balances	<u>384,333</u>	<u>278,431</u>	<u>928,301</u>	<u>          </u>	<u>263,681</u>	<u>745,457</u>	<u>2,600,203</u>

See accompanying notes to financial statements.

THURSTON COUNTY, NEBRASKA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BASIS NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2018

	Net Position July 1, 2017	Receipts	Disburse- ments	Net Position June 30, 2018
<b>Funds Maintained by County Treasurer</b>				
State	90,263	867,237	908,928	48,572
Schools	85,157	9,690,561	9,641,833	133,885
Educational Service Units	952	159,653	158,748	1,857
Technical College	5,737	960,563	955,106	11,194
Natural Resource Districts	1,825	322,907	320,894	3,838
Fire Districts	2,819	188,787	188,484	3,122
Municipalities	15,900	692,081	697,936	10,045
Townships	35,309	217,930	242,802	10,437
Hospital	3,728	106,628	107,300	3,056
Partial payments	4,022	85,660	70,042	19,640
In-lieu of tax	1,562	1,562	1,562	1,562
Property tax credit		2,365	2,365	
Redemptions		117,216	117,216	
	<u>247,274</u>	<u>13,413,150</u>	<u>13,413,216</u>	<u>247,208</u>
<b>Funds Maintained by Other County Officers</b>				
County Clerk	16,810	49,412	62,777	3,445
Clerk of the District Court	9,780	83,450	34,684	58,546
County Sheriff	85,890	408,433	401,197	93,126
County Attorney	95	578	622	51
Veterans' Service Officer	1,094	2,100	1,032	2,162
	<u>113,669</u>	<u>543,973</u>	<u>500,312</u>	<u>157,330</u>
<b>TOTAL TRUST AND AGENCY FUNDS</b>	<u>360,943</u>	<u>13,957,123</u>	<u>13,913,528</u>	<u>404,538</u>

See accompanying notes to financial statements.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies and procedures adopted by Thurston County, Nebraska:

A. THE REPORTING ENTITY

Thurston County is a governmental entity established in 1855 under and governed by the laws of the state of Nebraska. The County's powers are exercised through a Board of Supervisors (the Board), which is the governing body of the County. The Board is responsible for the legislative and executive control of the County. As a political subdivision of the state, the County is exempt from state and federal income taxes.

For financial reporting purposes, the County has included all financial activity that is not legally separate. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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.

As required by accounting principles generally accepted in the United States of America, these financial statements represent the County. No component units were identified.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of activities and net position) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The County did not have any activities that met the definition of a business-type activity.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the County's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect disbursement allocations that have been made in the funds have been reversed for the statement of activities. Program receipts include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements, as applicable.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Funds are organized into two major categories: governmental and proprietary. The County presently has fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. The County does not presently have any funds that would meet the definition of a proprietary activity.

A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, receipts, or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, receipts, or disbursements of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The County reports the following major governmental funds:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the County and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for proceeds of the specific revenue sources (other than special assessments or major capital projects) that are legally restricted to disbursements for specified purposes or designated to finance particular functions or activities of the County. The County includes the following special revenue funds (the first two funds are to be reported as major funds and the remaining are reported as nonmajor funds):

<u>Fund</u>	<u>Brief Description</u>
Road Fund	Maintains and improves County roads, bridges and other County infrastructure.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Special Revenue Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
Road Fund (Continued)	The County is required to match a certain amount of state resources for these purposes.
Inheritance Tax Fund	Collects inheritance tax filed in County Court. The County Supervisors determine specific uses for these collections.
Special Road, Visitors Promotion, Visitors Improvement, Preservation and Modernization, Veterans' Aid, Diversion, STOP Program, Drug Law Enforcement, CDBG Grant, Child Abuse Grant, E911 Wireless, 911 Wireless Service Holding, Law Enforcement Concessions, Pender Agreement, County Building, ADA Building, 911, and County Grants	These funds account for receipts and disbursements as stated in the fund name.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County includes the following capital projects funds (the first fund is to be reported as major fund and the remaining are reported as nonmajor funds):

<u>Fund</u>	<u>Brief Description</u>
Jail/Correctional Complex Building Fund	Collects proceeds from the issuance of bonds. Expends bond proceeds and other receipts, transferred from other funds, as necessary for the construction of the new jail/correctional complex building.
Emergency Bridge and Federal Funds Buy Back Program	These funds account for receipts and disbursements as stated in the fund name.
County Building Sinking Fund	Collects money from the housing of prisoners. Expends the money received for the construction and furnishing of the new jail/correctional complex building.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The County includes the following debt service fund and recognizes it as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Jail Bond	Accumulates tax receipts for the payment of principal, interest, and bank fees related to the bonds issued for the construction of the new jail/correctional complex building.

Fiduciary Fund Types

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus

The government-wide and fund financial statements of the primary government, Thurston County, Nebraska, are reported using the current financial resources measurement focus and the cash basis of accounting. Receipts are recognized when the County Treasurer receives cash rather than when earned. Disbursements are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America.

Balances held by various county officers at year end, including cash and accounts receivables, are reported as cash items in the statement of fiduciary items. This statement includes amounts due to other governments held by the County Treasurer and various trust accounts, which are reported as liabilities on that statement. The effects of not recognizing the County portion of revenue until collected by the County Treasurer is not considered a material departure from the cash basis of accounting.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

The County's cash and cash equivalents is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County had no cash equivalents at June 30, 2018.

Nebraska statutes allow the County to make any investments allowed by the State Investment Officer. This includes bank certificates of deposit. Investments for the County are reported at fair value.

2. Capital Assets

Capital assets are not recorded as assets on the government-wide or fund financial statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the financial statements.

3. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation, sick leave, and compensatory time. Employees who leave County government for any reason will be paid for any unused vacation leave earned after one (1) year of employment. Employees who leave the County employment before one full year of employment shall not be paid any vacation leave, as none has been earned by them until after one full year of employment. All sick leave shall expire on the date of separation except 50% of accrued sick leave will be paid out at the time of retirement, resignation, termination, or death, provided the employee has been employed with the County for three (3) consecutive years. All unused compensatory time remaining when the employee leaves the employment of the County shall be paid at the employee's current hourly rate or at the average rate for the final three years of employment, whichever is greater.

4. Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting used by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

5. Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in two components:

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

It is the County's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact. The County currently has no amounts classified in this category.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

5. Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned

This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners or through the Board delegating this responsibility to the County Clerk through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund.

The County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

E. PROGRAM RECEIPTS

In the statement of activities and net position, cash basis receipts that are derived directly from each activity or from parties outside the County's taxpayers are reported as program receipts. The County has the following program receipts in each activity:

General Government	Fees, permits, licenses, and commissions
Public Safety	Fines and fees, E911 receipts, and operating grants from federal and state agencies for law enforcement

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROGRAM RECEIPTS (Continued)

Public Works	Township road contracts, reimbursements, and operating grants from FEMA and other federal and state agencies for road and infrastructure work
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Public Welfare and Social Services	Grants for juvenile services
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All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

F. REVENUE RECOGNITION - PROPERTY TAXES

Property taxes are levied by November 1 based on valuations as of May 1. Real estate and personal property taxes become due and attach as an enforceable lien on property as of January 1. Real estate and personal property taxes are payable in two installments and become delinquent May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

G. INTERFUND ACTIVITIES

In the process of aggregating the financial information on the government-wide financial statements, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

NOTE 2. INVESTMENTS AND DEPOSITS

The County has generally pooled the cash resources of the various funds for investment purposes. Each fund's portion of total cash and investments is summarized by fund type on the statement of cash basis assets and net position and statement of cash receipts, disbursements, and changes in cash basis fund balances and as "Cash Basis Fund Balance." Interest earned on pooled funds is credited to the County General Fund in accordance with Section 77-2315, R.R.S. 1943.

The types of investments the County is authorized to invest funds in are enumerated in state statutes and generally include U.S. government obligations, certificates of deposit, time deposits, and securities in which the State Investment Officer is authorized to invest.

For the following disclosures required by Governmental Accounting Standards Board Statement No. 40, deposits include checking accounts, savings accounts, money market accounts, and certificates of deposit.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. INVESTMENTS AND DEPOSITS (Continued)

The Nebraska Public Agency Investment Trust (NPAIT) was established in June 1996 through the Interlocal Cooperation Act and commenced operations July 25, 1996. NPAIT was established to assist public bodies throughout the state of Nebraska with the investment of their available cash reserves. Participation in the investment trust is voluntary for its members. The objective of NPAIT is to provide its owner-members with a conservative and effective investment alternative tailored to the needs of its members. NPAIT portfolio management generally follows established investment criteria developed by the Securities and Exchange Commission (SEC) for money market funds designed to offer acceptable yield while maintaining liquidity. NPAIT is not registered with the Securities and Exchange Commission as an investment company. The County has \$126,664 invested with NPAIT as of June 30, 2018.

NPAIT's short-term investment portfolio consists of cash and short-term investments valued at amortized cost, which is determined to approximate fair value due to the short-term nature of the instruments. NPAIT maintains a net asset value of \$1.00 per unit.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County follows state statutes for its deposit policy for custodial credit risk. The County had deposits at several financial institutions in excess of the \$250,000 limit insured by the Federal Deposit Insurance Corporation. At June 30, 2018, all deposits were covered by either the Federal Deposit Insurance Corporation (FDIC) or securities pledged by the financial institution to Thurston County, Nebraska.

As defined by Governmental Accounting Standards Board Statement No. 3, the County had no investments as of June 30, 2018.

NOTE 3. RETIREMENT SYSTEMS

The Retirement System for Nebraska Counties (the 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's provisions are established under State Statute Sections 23-2301 through 23-2334.01 (Reissue 2012, Cum. Supp., 2016), 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 official may exercise the option to join.

Each employee who is a member of the retirement plan shall contribute a sum equal to four and one-half percent (4½%) of his or her salary, and the County contributes an amount equal to one hundred fifty percent (150%) of the employee's contribution. The

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. RETIREMENT SYSTEMS (Continued)

contribution rates are established by State Statute Sections 23-2307 and 23-2308 and may be amended through legislative action. The employee and employer's contributions are kept in separate accounts. In addition, a supplemental retirement plan for the benefit of all present and future commissioned law enforcement personnel employed by such county who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council, was established beginning January 1, 2003. This auxiliary benefit plan is funded by an additional contribution to the County employees' retirement plan in excess of the amounts established by State Statute Sections 23-2307 and 23-2308. The additional contributions made by employees shall be credited to the employee account, and contributions paid by the County shall be credited to the employer account, with each amount to be established at a rate of one percent (1%) of compensation.

The employee's account is fully vested. The employer's account is vested 100% after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. 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. For the year ended June 30, 2018, employees contributed \$96,688 and the County contributed \$143,398, which consisted of cash contributions. Additionally, the County paid \$1,140 directly to 9 retired employees for prior service benefits.

NOTE 4. LONG-TERM DEBT

The County's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. As of June 30, 2018, the County did not have any long-term debt to be repaid from business-type activities.

Changes in Long-Term Debt

The following is a summary of changes in the County's long-term debt for the year ended June 30, 2018.

	Balance July 1, 2017	Addi- tions	Retire- ments	Balance June 30, 2018	Amount Due Within One Year
Governmental activities					
General obligation bonds	<u>5,710,000</u>	<u>      </u>	<u>(230,000)</u>	<u>5,480,000</u>	<u>235,000</u>

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (Continued)

Governmental Activities

As of June 30, 2018, the governmental long-term debt of the County consisted of the following:

General Obligation Bonds

On July 9, 2015, with Resolution No. 15-10, the County Board authorized the issuance of General Obligation County Jail Bonds, Series 2017, in the principal amount of \$5,935,000, with variable interest rates of 2.00% to 3.65%, for the purpose of paying the costs of constructing, equipping, and furnishing a new county justice center. The bonds were issued at a premium of \$2,000. Therefore, gross proceeds from the issuance of the bonds was \$5,937,000. The bonds will mature on December 15, 2035. Interest on the bonds is payable semiannually on December 15 and June 15. The principal balance at June 30, 2018, was \$5,480,000. Payments are being made from the Jail Bond Fund.

Annual Debt Service Requirements

The annual requirements to amortize all general obligation long-term debt outstanding as of June 30, 2018, including interest payments of \$1,767,918, are as follows:

Governmental Activities

Years Ending June 30,	General Obligation Bonds		Total
	Principal	Interest	
2019	235,000	160,532	395,532
2020	240,000	155,782	395,782
2021	255,000	150,832	405,832
2022	260,000	145,682	405,682
2023	260,000	139,995	399,995
2024 - 2028	1,430,000	593,316	2,023,316
2029 - 2033	1,655,000	358,177	2,013,177
2034 - 2036	1,145,000	63,602	1,208,602
Total	5,480,000	1,767,918	7,247,918

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (Continued)

The following is a summary of the changes in long-term leases during the fiscal year:

Long-Term Capital Leases

	Balance July 1, 2017	Addi- tions	Retire- ments	Balance June 30, 2018
Capital Leases				
Road equipment	680,075		(252,314)	427,761
Sheriffs' vehicles	<u>51,391</u>		<u>(22,252)</u>	<u>29,139</u>
	<u>731,466</u>		<u>(274,566)</u>	<u>456,900</u>

The above capital lease contracts are being financed through the County Road and General Funds. Disbursements relating to capital leases are recognized as a capital outlay when the lease payments are made instead of when the obligation is incurred.

A summary of the annual debt service requirements for the cruisers and motor graders as of June 30, 2018, including interest at rates from 0.0 percent to 3.2 percent is as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30, 2019	172,396	11,662	184,058
June 30, 2020	144,869	7,955	152,824
June 30, 2021	95,801	3,877	99,678
June 30, 2022	<u>43,834</u>	<u>837</u>	<u>44,671</u>
	<u>456,900</u>	<u>24,331</u>	<u>481,231</u>

There are no contingent or sublease agreements related to the above leases.

NOTE 5. RISK MANAGEMENT

The County is exposed to various risks of loss related to 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 68 counties throughout Nebraska. NIRMA was created as a result of the Intergovernmental Risk Management Act authorized by State Statute Section 44-4301, R.R.S. 1943, which resulted in two programs being established, NIRMA and NIRMA II. The County has the option of participating in one or both of the programs. Thurston County, Nebraska, participates in both of the programs.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT (Continued)

The County pays an annual deposit premium as calculated by the administrator of the pool. Nine months following the close of the fiscal year and at annual intervals thereafter, the Pool may calculate each County's retrospective premium or premium credit for the year. The Board prior to the beginning of the fiscal year shall adopt the retrospective formula. The formula shall consider the losses and exposures of each County and the entire Pool. The deposit premium paid for the fiscal year shall be applied as a credit against the retrospective premium.

If it is determined that the deposit premium paid is in excess of the retrospective premiums calculated, such excess shall be applied as a credit toward the next annual deposit premium. Retrospective premium adjustments for each fiscal year shall continue until all claims are closed or until the Board determines that sufficient facts are known to make a final adjustment for the year.

If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be to each County in writing, and each County shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each County shall remain liable for such assessments, regardless of such County's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such County's period of membership, as provided by State Statute Section 44-4312, R.R.S. 1943.

In the event of a liability loss exceeding \$5,000,000 per occurrence, the County would be responsible for funding the excess amount. In the event of a workers' compensation loss exceeding the statutory excess limit or an employer's liability loss exceeding the \$2,000,000 excess limit, the County would be responsible for funding the excess amount.

Since the majority of NIRMA's and NIRMA II's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the member balances are adjusted annually to reflect recent loss information. There were no significant reductions in insurance coverage from the coverage in the prior year by major categories of risk.

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2018. The County has not had to pay out any amounts that exceeded coverages provided by the Pool in the last three fiscal years.

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. JOINT VENTURE

Thurston County, Nebraska, has entered into an agreement with other counties in Region IV in conjunction with the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Comprehensive Mental Health Services Act and the related alcoholism and drug abuse services and the Developmental Disabilities Services Act (the Acts). Region IV consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte. (Separate agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under each of the Acts.) The governing board for Region IV services was established by statute and the agreements and includes representatives from the participating county boards.

Each county contributes financial support of the Region's activities based on formulas developed by the Region's governing boards and as required by the Acts. Funding is provided by a combination of federal, state, local, and private funding. Thurston County, Nebraska, contributed \$32,581 toward the operations of Region IV 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 Section 71-5010. Financial information for the Region is available in those audit reports.

NOTE 7. INTRAFUND TRANSFERS

Transfers between funds of Thurston County, Nebraska, for the year ended June 30, 2018, were as follows:

	Transfers In	Transfers Out
General Fund	491,122	600,000
Road Fund	881,721	
Special Road Fund		16,721
Emergency Bridge Fund		65,000
Inheritance Tax Fund	50,000	700,000
County Law Enforcement Fund	317,979	
E911 Wireless Fund	4,501	23,822

All transfers were operational in nature and approved by the County Board of Commissioners.

NOTE 8. FEDERALLY ASSISTED PROGRAMS

The County receives substantial grants from the federal and state governments, all of which are subject to audit by the respective governments. Subsequent audits may disallow disbursements financed by governmental grant programs, although past audits have resulted in

THURSTON COUNTY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. FEDERALLY ASSISTED PROGRAMS (Continued)

no violations of grant regulations and no requests for reimbursements. It is the opinion of management that requests for reimbursement, if any, by either the federal or state governments based on subsequent audits will not be material in relationship to the County's financial statements as of June 30, 2018.

NOTE 9. CONTINGENT LIABILITIES

Thurston County, Nebraska, is a defendant in various lawsuits. The amount of damages, if any, from the lawsuits cannot be reasonably estimated as of June 30, 2018. Thurston County, Nebraska, maintains insurance coverage that includes coverage for legal judgments.

NOTE 10. SUBSEQUENT EVENTS

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through June 13, 2019, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

THURSTON COUNTY, NEBRASKA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2018			2017 Actual
	Original and Final Budget	Actual	Favorable (Unfavorable)	
<b>CASH RECEIPTS</b>				
Taxes	3,037,125	2,816,686	(220,439)	2,971,160
Federal receipts	75,000	91,986	16,986	110,995
State receipts	213,700	258,331	44,631	231,804
Local receipts	286,170	385,294	99,124	269,980
Transfer	291,122	491,122	200,000	
<b>TOTAL CASH RECEIPTS</b>	<u><u>3,903,117</u></u>	<u><u>4,043,419</u></u>	<u><u>140,302</u></u>	<u><u>3,583,939</u></u>
<b>CASH DISBURSEMENTS</b>				
General Government				
Board of Supervisors				
Personnel services	72,500	72,501	(1)	72,500
Operating expenses	5,200	2,904	2,296	2,740
Supplies/materials	200		200	45
Total Board of Supervisors	<u>77,900</u>	<u>75,405</u>	<u>2,495</u>	<u>75,285</u>
Clerk				
Personnel services	106,599	107,206	(607)	103,630
Operating expenses	38,780	28,826	9,954	14,239
Supplies/materials	3,000	2,791	209	2,532
Capital outlay	1,700	1,706	(6)	1,129
Total Clerk	<u>150,079</u>	<u>140,529</u>	<u>9,550</u>	<u>121,530</u>
Treasurer				
Personnel services	131,129	130,260	869	125,737
Operating expenses	15,360	13,795	1,565	13,602
Supplies/materials	3,750	3,806	(56)	5,598
Capital outlay	500	2,459	(1,959)	
Total Treasurer	<u>150,739</u>	<u>150,320</u>	<u>419</u>	<u>144,937</u>

THURSTON COUNTY, NEBRASKA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2018			2017 Actual
	Original and Final Budget	Actual	Favorable (Unfavorable)	
CASH DISBURSEMENTS (Continued)				
General Government (Continued)				
Assessor				
Personnel services	78,504	78,623	(119)	77,020
Operating expenses	17,850	11,888	5,962	2,447
Supplies/materials	3,000	1,970	1,030	1,912
Capital outlay				1,405
Total Assessor	<u>99,354</u>	<u>92,481</u>	<u>6,873</u>	<u>82,784</u>
Noxious Weed				
Personnel services	20,540	18,300	2,240	18,680
Operating expenses	5,700	1,881	3,819	2,867
Supplies/materials	8,900	2,233	6,667	3,130
Capital outlay	3,000		3,000	
Total Noxious Weed	<u>38,140</u>	<u>22,414</u>	<u>15,726</u>	<u>24,677</u>
Election Commissioner				
Personnel services	9,500	4,605	4,895	5,978
Operating expenses	21,650	9,945	11,705	9,883
Supplies/materials	1,300	221	1,079	553
Capital outlay	1,500		1,500	
Total Election Commissioner	<u>33,950</u>	<u>14,771</u>	<u>17,679</u>	<u>16,414</u>
Clerk of the District Court				
Personnel services	72,044	72,109	(65)	70,152
Operating expenses	6,550	4,128	2,422	3,616
Supplies/materials	2,000	698	1,302	934
Capital outlay	2,500	1,363	1,137	1,688
Total Clerk of the District Court	<u>83,094</u>	<u>78,298</u>	<u>4,796</u>	<u>76,390</u>

THURSTON COUNTY, NEBRASKA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2018			2017 Actual
	Original and Final Budget	Actual	Favorable (Unfavorable)	
CASH DISBURSEMENTS (Continued)				
General Government (Continued)				
County Court System				
Operating expenses	3,950	3,109	841	1,932
Supplies/materials	2,850	2,815	35	1,386
Capital outlay	2,300	938	1,362	44
Total County Court System	<u>9,100</u>	<u>6,862</u>	<u>2,238</u>	<u>3,362</u>
Building and Grounds				
Personnel services	34,000	31,433	2,567	32,568
Operating expenses	107,750	64,890	42,860	49,648
Supplies/materials	6,800	6,487	313	6,202
Capital outlay	5,500		5,500	
Total Building and Grounds	<u>154,050</u>	<u>102,810</u>	<u>51,240</u>	<u>88,418</u>
Reappraisal				
Personnel services	50,000	25,774	24,226	34,163
Operating expenses	4,425	609	3,816	3,969
Supplies/materials	1,300	2,674	(1,374)	2,253
Capital outlay	31,300	23,337	7,963	48,219
Total Reappraisal	<u>87,025</u>	<u>52,394</u>	<u>34,631</u>	<u>88,604</u>
Extension Office				
Personnel services	26,650	26,395	255	24,982
Operating expenses	7,860	7,872	(12)	6,358
Supplies/materials	1,000	1,587	(587)	2,579
Equipment rental	1,500	1,377	123	2,353
Capital outlay	500		500	
Total Extension Office	<u>37,510</u>	<u>37,231</u>	<u>279</u>	<u>36,272</u>

THURSTON COUNTY, NEBRASKA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2018			2017 Actual
	Original and Final Budget	Actual	Favorable (Unfavorable)	
CASH DISBURSEMENTS (Continued)				
General Government (Continued)				
Building Annex				
Personnel services	2,600	2,480	120	2,295
Operating expenses	13,400	6,504	6,896	6,988
Supplies/materials	1,100	351	749	320
Total Building Annex	<u>17,100</u>	<u>9,335</u>	<u>7,765</u>	<u>9,603</u>
Miscellaneous				
Personnel services	581,300	605,382	(24,082)	509,013
Operating expenses	534,003	489,580	44,423	349,391
Supplies/materials	10,000		10,000	
Capital outlay	239,636	9,572	230,064	49,988
Transfers	362,852	600,000	(237,148)	1,150,000
Total Miscellaneous	<u>1,727,791</u>	<u>1,704,534</u>	<u>23,257</u>	<u>2,058,392</u>
Total General Government	<u>2,665,832</u>	<u>2,487,384</u>	<u>176,948</u>	<u>2,826,668</u>
Public Safety				
Sheriff				
Personnel services	290,568	274,377	16,191	259,472
Operating expenses	11,135	6,967	4,168	9,549
Supplies/materials	68,026	79,465	(11,439)	47,851
Equipment rental				1,153
Capital outlay	36,233	44,755	(8,522)	27,822
Total Sheriff	<u>405,962</u>	<u>405,564</u>	<u>398</u>	<u>345,847</u>
Attorney				
Personnel services	107,216	130,190	(22,974)	122,297
Operating expenses	34,775	4,087	30,688	3,310
Supplies/materials	1,500	780	720	1,132
Capital outlay	3,500	2,859	641	899
Total Attorney	<u>146,991</u>	<u>137,916</u>	<u>9,075</u>	<u>127,638</u>

THURSTON COUNTY, NEBRASKA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2018			2017 Actual
	Original and Final Budget	Actual	Favorable (Unfavorable)	
CASH DISBURSEMENTS (Continued)				
Public Safety (Continued)				
Communication Center				
Personnel services	156,300	137,283	19,017	126,760
Operating expenses	3,660	3,747	(87)	2,934
Supplies/materials	580	1,216	(636)	446
Equipment rental	5,576	15,895	(10,319)	5,376
Total Communication Center	<u>166,116</u>	<u>158,141</u>	<u>7,975</u>	<u>135,516</u>
Jail				
Personnel services	428,368	418,275	10,093	261,340
Operating expenses	167,638	173,603	(5,965)	131,155
Supplies/materials	7,285	4,604	2,681	6,611
Capital outlay	7,500	3,067	4,433	5,350
Total Jail	<u>610,791</u>	<u>599,549</u>	<u>11,242</u>	<u>404,456</u>
Emergency Management				
Personnel services	36,000	42,102	(6,102)	62,913
Operating expenses	20,050	9,145	10,905	23,308
Supplies/materials	6,000	8,646	(2,646)	5,969
Equipment rental				2,500
Capital outlay	8,500	3,156	5,344	4,524
Total Emergency Management	<u>70,550</u>	<u>63,049</u>	<u>7,501</u>	<u>99,214</u>
Total Public Safety	<u>1,400,410</u>	<u>1,364,219</u>	<u>36,191</u>	<u>1,112,671</u>
Public Works				
Surveyor				
Operating expenses	6,000	600	5,400	1,619
Supplies/materials	100		100	
Total Surveyor	<u>6,100</u>	<u>600</u>	<u>5,500</u>	<u>1,619</u>

THURSTON COUNTY, NEBRASKA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2018			2017 Actual
	Original and Final Budget	Actual	Favorable (Unfavorable)	
CASH DISBURSEMENTS (Continued)				
Public Welfare and Social Services				
County Relief				
Operating expenses	<u>3,750</u>	<u>980</u>	<u>2,770</u>	<u>3,737</u>
Veterans Service Officer				
Personnel services	15,250	13,492	1,758	15,231
Operating expenses	5,150	1,982	3,168	1,572
Supplies/materials	4,500	175	4,325	169
Capital outlay	<u>1,000</u>		<u>1,000</u>	<u>1,590</u>
Total Veterans Service Officer	<u>25,900</u>	<u>15,649</u>	<u>10,251</u>	<u>18,562</u>
Institutions and other				
Operating expenses	<u>40,000</u>	<u>32,581</u>	<u>7,419</u>	<u>26,816</u>
Total Public Welfare and Social Services	<u>69,650</u>	<u>49,210</u>	<u>20,440</u>	<u>49,115</u>
TOTAL CASH DISBURSEMENTS	<u>4,141,992</u>	<u>3,901,413</u>	<u>239,079</u>	<u>3,990,073</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS		142,006		(406,134)
FUND BALANCE, beginning of year		<u>242,327</u>		<u>648,461</u>
FUND BALANCE, end of year		<u>384,333</u>		<u>242,327</u>

THURSTON COUNTY, NEBRASKA  
ROAD FUND  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
YEAR ENDED JUNE 30, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	2018			Favorable (Unfavorable)	2017 Actual
	Original Budget	Final Budget	Actual		
<b>CASH RECEIPTS</b>					
Federal receipts	930,000				
State receipts	1,130,995	1,130,995	1,183,709	52,714	2,058,592
Local receipts	46,000	46,000	96,063	50,063	15,846
<b>TOTAL CASH RECEIPTS</b>	<u>2,106,995</u>	<u>1,176,995</u>	<u>1,279,772</u>	<u>102,777</u>	<u>2,074,438</u>
<b>CASH DISBURSEMENTS</b>					
Personnel services	528,000	528,000	511,441	16,559	472,939
Operating expenses	174,500	174,500	159,955	14,545	99,528
Supplies/materials	933,500	933,500	958,282	(24,782)	876,879
Equipment rental	6,000	6,000	450	5,550	
Capital outlay	784,000	784,000	323,383	460,617	1,402,463
<b>TOTAL CASH DISBURSEMENTS</b>	<u>2,426,000</u>	<u>2,426,000</u>	<u>1,953,511</u>	<u>472,489</u>	<u>2,851,809</u>
<b>DEFICIENCY OF CASH RECEIPTS UNDER CASH DISBURSEMENTS</b>					
	<u>(319,005)</u>	<u>(1,249,005)</u>	<u>(673,739)</u>	<u>(369,712)</u>	<u>(777,371)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	248,556	248,556	881,721	633,165	1,271,890
Transfers out					<u>(317,305)</u>
Total other financing sources (uses)	<u>248,556</u>	<u>248,556</u>	<u>881,721</u>	<u>633,165</u>	<u>954,585</u>
<b>EXCESS OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES</b>					
			207,982		177,214
FUND BALANCE, beginning of year			<u>70,449</u>		<u>(106,765)</u>
FUND BALANCE, end of year			<u>278,431</u>		<u>70,449</u>

THURSTON COUNTY, NEBRASKA  
 INHERITANCE TAX FUND  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 YEAR ENDED JUNE 30, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	2018			
	Original and Final Budget	Actual	Favorable (Unfavorable)	2017 Actual
CASH RECEIPTS				
Inheritance tax		506,556	506,556	291,346
Local receipts		<u>11,499</u>	<u>11,499</u>	
TOTAL CASH RECEIPTS		<u><u>518,055</u></u>	<u><u>518,055</u></u>	<u>291,346</u>
CASH DISBURSEMENTS				
Operating expenses	970,290	44	970,246	349,974
Debt Service				
Principal retirements				225,000
Interest				85,991
Fiscal charges				<u>200</u>
TOTAL CASH DISBURSEMENTS	<u>970,290</u>	<u>44</u>	<u>970,246</u>	<u>661,165</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS	<u>(970,290)</u>	<u>518,011</u>	<u>1,488,301</u>	<u>(369,819)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	160,000	50,000	(110,000)	317,305
Transfers out	<u>(250,000)</u>	<u>(700,000)</u>	<u>(450,000)</u>	<u>(321,890)</u>
Total other financing sources (uses)	<u>(90,000)</u>	<u>(650,000)</u>	<u>(560,000)</u>	<u>(4,585)</u>
DEFICIENCY OF CASH RECEIPTS AND OTHER FINANCING SOURCES UNDER DISBURSEMENTS AND OTHER FINANCING USES		(131,989)		(374,404)
FUND BALANCE, beginning of year		<u>1,060,290</u>		<u>1,434,694</u>
FUND BALANCE, end of year		<u><u>928,301</u></u>		<u><u>1,060,290</u></u>

THURSTON COUNTY, NEBRASKA  
 JAIL/CORRECTIONAL COMPLEX BUILDING FUND  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 YEAR ENDED JUNE 30, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	2018			2017 Actual
	Original and Final Budget	Actual	Favorable (Unfavorable)	
CASH RECEIPTS				
CASH DISBURSEMENTS				
Capital outlay	1,420,061	1,420,061		4,023,262
DEFICIENCY OF CASH RECEIPTS UNDER CASH DISBURSEMENTS		(1,420,061)		(4,023,262)
FUND BALANCE, beginning of year		1,420,061		5,443,323
FUND BALANCE, end of year				1,420,061

THURSTON COUNTY, NEBRASKA  
 JAIL BOND FUND  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 YEAR ENDED JUNE 30, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	2018			
	Original and Final Budget	Actual	Favorable (Unfavorable)	2017 Actual
CASH RECEIPTS				
Taxes	429,989	400,662	(29,327)	273,961
State		33,517	33,517	28,960
Local		71	71	63
	<u>429,989</u>	<u>434,250</u>	<u>4,261</u>	<u>302,984</u>
 CASH DISBURSEMENTS				
Debt Service				
Principal		230,000	(230,000)	
Interest	655,003	165,183	489,820	83,741
Fiscal charges		400	(400)	200
	<u>655,003</u>	<u>395,583</u>	<u>259,420</u>	<u>83,941</u>
 EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS	<u>(225,014)</u>	<u>38,667</u>	<u>(255,159)</u>	<u>219,043</u>
 EXCESS OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS		38,667		219,043
 FUND BALANCE, beginning of year		<u>225,014</u>		<u>5,971</u>
 FUND BALANCE, end of year		<u>263,681</u>		<u>225,014</u>

THURSTON COUNTY, NEBRASKA  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
JUNE 30, 2018

Basis of Accounting

The Budget is prepared on the same cash basis of accounting as applied to the governmental funds in the basic financial statements. Receipts and disbursements are reported when they result from cash transactions.

Budgets

The County follows these procedures in establishing the budgetary data reflected in the schedules in accordance with the requirements of the Nebraska Budget Act.

On or before August 1, the finance committee or other designated budget-making authority prepares and transmits a budget for each County fund showing the requirements, the outstanding warrants, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the amount to be raised by taxation. The budget, like the County financial statements, is prepared on the cash receipts and disbursements basis of accounting.

At least one public hearing must be held by the County Board.

Prior to September 20, after the action of the Tax Equalization and Review Commission has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total disbursements of any fund require that an additional public hearing be held. Appropriations lapse at year end.

Budget Law

The County is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total disbursements for each fund may not exceed the total budgeted disbursements. Any revisions to the adopted budget of total disbursements to any fund require a public hearing.

Comparative Data

Comparative data for the prior year have been presented in the budgetary schedules in order to provide an understanding of the changes in the County's financial position and operation (cash basis).

THURSTON COUNTY, NEBRASKA  
 NONMAJOR FUNDS - COMBINING SCHEDULE OF CASH RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2018

	300 Special Road	500 Emergency Bridge Fund	650 Federal Funds Buy Back Program	990 Visitors Promotion Fund	995 Visitors Improvement Fund	1150 Preservation and Modernization	1900 Veterans' Aid	2355 Diversion	2356 STOP Program	2360 Drug Law Enforcement	2501 2502 CDBG Grant	2504 Child Abuse Grant	2913 E911 Wireless
<b>CASH RECEIPTS</b>													
Taxes				1,731	1,731								
State			187,572										
Federal													
Local receipts						2,764	25		800				44,636
Total cash receipts			187,572	1,731	1,731	2,764	25		800				44,636
<b>CASH DISBURSEMENTS</b>													
Current													
Public Works			519,685										
Public Safety								10					16,279
Public Welfare and Social Services							2,100						
Culture and Recreation				3,025	500								
Total cash disbursements			519,685	3,025	500		2,100	10					16,279
<b>EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS</b>													
			(332,113)	(1,294)	1,231	2,764	(2,075)	(10)	800				28,357
<b>OTHER FINANCING SOURCES (USES)</b>													
Operating transfers in													4,501
Operating transfers out	(16,721)	(65,000)									(8,026)		(23,822)
Total other financing sources (uses)	(16,721)	(65,000)									(8,026)		(19,321)
<b>EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER CASH DISBURSEMENTS AND OTHER FINANCING USES</b>													
	(16,721)	(65,000)	(332,113)	(1,294)	1,231	2,764	(2,075)	(10)	800		(8,026)		9,036
<b>FUND BALANCE, beginning of year</b>													
	16,721	65,000	576,041	3,993	3,993	11,992	5,401	4,484	1,168	4,716	8,026	199	23,822
<b>FUND BALANCE, end of year</b>													
			243,928	2,699	5,224	14,756	3,326	4,474	1,968	4,716		199	32,858

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THURSTON COUNTY, NEBRASKA  
NONMAJOR FUNDS - COMBINING SCHEDULE OF CASH RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2018

	2914 911 Wireless Service Hold	2960 County Law Enforcement	2965 Law Enforcement Concessions	2972 Pender Agreement	4001 County Building	4003 County Building Sinking	4004 ADA Building	5907 911	5910 County Grants	Totals
<b>CASH RECEIPTS</b>										
Taxes										3,462
State										187,572
Federal		2,111								2,111
Local receipts		98,830	4,301	197,369		43,250		26,436		418,411
Total cash receipts		100,941	4,301	197,369		43,250		26,436		611,556
<b>CASH DISBURSEMENTS</b>										
Current										
Public Works					66,864	81,899			1,500	669,948
Public Safety		341,317	3,354	150,080			27,384			538,424
Public Welfare and Social Services										2,100
Culture and Recreation										3,525
Total cash disbursements		341,317	3,354	150,080	66,864	81,899		27,384	1,500	1,213,997
<b>EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS</b>										
		(240,376)	947	47,289	(66,864)	(38,649)		(948)	(1,500)	(602,441)
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfers in		317,979			13,983					336,463
Operating transfers out	(13,775)					(317,979)	(13,983)			(459,306)
Total other financing sources (uses)	(13,775)	317,979			13,983	(317,979)	(13,983)			(122,843)
<b>EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER CASH DISBURSEMENTS AND OTHER FINANCING USES</b>										
	(13,775)	77,603	947	47,289	(52,881)	(356,628)	(13,983)	(948)	(1,500)	(725,284)
FUND BALANCE, beginning of year	95,905	138,005	5,265	8,481	60,366	356,628	13,983	64,758	1,794	1,470,741
FUND BALANCE, end of year	82,130	215,608	6,212	55,770	7,485			63,810	294	745,457

THURSTON COUNTY, NEBRASKA  
 COUNTY CLERK  
 STATEMENT OF ACCOUNTABILITY  
 YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disburse- ments	Balance June 30, 2018
Recording fees	1,581	15,497	15,794	1,284
Marriage licenses	50	443	468	25
Documentary Stamp tax	14,681	29,896	42,631	1,946
Preservation and Modernization fees	290	2,647	2,764	173
Copies and miscellaneous	<u>208</u>	<u>929</u>	<u>1,120</u>	<u>17</u>
	<u>16,810</u>	<u>49,412</u>	<u>62,777</u>	<u>3,445</u>

THURSTON COUNTY, NEBRASKA  
CLERK OF THE DISTRICT COURT  
STATEMENT OF ACCOUNTABILITY  
YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disburse- ments	Balance June 30, 2018
County fees and costs	131	981	1,006	106
State fees and costs	324	4,923	4,789	458
Judges retirement fees	104	1,092	1,088	108
Marriage dissolution fees		200	175	25
Law enforcement improvement fees	2	42	42	2
Legal aid and modification fees	67	700	711	56
Trust and other	9,049	73,866	25,126	57,789
Passport fees	101	1,535	1,636	
Miscellaneous fees	<u>2</u>	<u>111</u>	<u>111</u>	<u>2</u>
	<u>9,780</u>	<u>83,450</u>	<u>34,684</u>	<u>58,546</u>

THURSTON COUNTY, NEBRASKA  
COUNTY SHERIFF  
STATEMENT OF ACCOUNTABILITY  
YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disburse- ments	Balance June 30, 2018
Fees and mileage	27,576	13,976	38,970	2,582
Vehicle inspections	2,830	3,760	6,070	520
Handgun applications	215	295	480	30
Boarding of prisoners		123,130	98,830	24,300
Accident reports	50	120	130	40
Intoxilizer	307	500	707	100
Work release	2,260	5,039		7,299
Building Sinking Fund	43,250			43,250
Distress warrants	(15,790)	38,710	38,710	(15,790)
Inmate trust	21,260	208,557	202,721	27,096
Miscellaneous	965	4,230	4,220	975
Petty cash	796	2,164	2,526	434
Advance fees	2,171	7,952	7,833	2,290
	<u>85,890</u>	<u>408,433</u>	<u>401,197</u>	<u>93,126</u>

THURSTON COUNTY, NEBRASKA  
 COUNTY ATTORNEY  
 STATEMENT OF ACCOUNTABILITY  
 YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disburse- ments	Balance June 30, 2018
Petty cash	53	126	148	31
Collection on bad checks	<u>42</u>	<u>452</u>	<u>474</u>	<u>20</u>
	<u>95</u>	<u>578</u>	<u>622</u>	<u>51</u>

THURSTON COUNTY, NEBRASKA  
 VETERANS' SERVICE OFFICER  
 STATEMENT OF ACCOUNTABILITY  
 YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disburse- ments	Balance June 30, 2018
Aid to veterans	<u>1,094</u>	<u>2,100</u>	<u>1,032</u>	<u>2,162</u>



**DANA F. COLE  
& COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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

To the County Board of Supervisors  
Thurston County  
Pender, Nebraska

We have audited, in accordance with the 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 Thurston County, Nebraska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Thurston County, Nebraska's basic financial statements, and have issued our report thereon dated June 13, 2019.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Thurston County, Nebraska'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 Thurston County, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Thurston County, Nebraska'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 described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses as items 2018-001 and 2018-003.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency as item 2018-002.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thurston County, Nebraska's financial statements are free from 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 instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Thurston County, Nebraska, in a separate letter dated June 13, 2019.

### Thurston County, Nebraska's Response to Findings

Thurston County, Nebraska's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Thurston County, Nebraska's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

### 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

Lincoln, Nebraska  
June 13, 2019

THURSTON COUNTY, NEBRASKA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018

2018-001 SEGREGATION OF DUTIES

Criteria

An accounting system is designed to assemble, analyze, classify, record, and report financial data. In performing these functions, an accounting system also must maintain adequate control over a County's assets. A County's internal control framework must provide assurance that the accounting system and its underlying data are reliable.

Condition

The same individual routinely reconciles the bank statements, makes journal entries, and manages the general ledger functions in each individual County office.

Cause

A key limitation on internal control is that cost considerations will prevent management from installing an internal control system. Due to the size of the County offices, there is limited segregation of duties over bookkeeping, billing, and accounting functions.

Potential Effect

Without proper segregation of duties and sound internal controls, there is an increased risk of an error or fraud occurring and not being detected either within a reasonable amount of time or at all.

Recommendation

We recommend that the County continue to monitor and evaluate its internal control with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations.

County's Response

The County has implemented policies and procedures to address the issue of segregation of duties. Each official has provided the County Board with copies of the offices' policies and procedures that are followed by each of the respective offices in regard to the handling of the finances of the County.

2018-002 DOCUMENTATION OF PROCEDURES

Criteria

A comprehensive framework of internal control must possess five essential elements. It must: (1) provide a favorable control environment; (2) provide for the continuing assessment of risk; (3) provide for the design, implementation, and maintenance of effective control-related policies and procedures; (4) provide for the effective communication of information; and (5) provide for the ongoing monitoring of the effectiveness of control-related policies and procedures, as well as the resolution of potential problems identified by controls.

THURSTON COUNTY, NEBRASKA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018

2018-002 DOCUMENTATION OF PROCEDURES (Continued)

Condition

The County does not have formal written accounting policies and procedures and related control procedures, including antifraud programs and controls.

Cause

The County continues to work toward a formal written accounting policy and procedure. Each individual office is preparing written policies as they relate to its specific duties and responsibilities.

Effect

Without formal accounting policies in place, it is very difficult for management to properly carry out their duties regarding the five essential elements listed above.

Recommendation

Management should formulate a written accounting policy and procedure for each office.

County's Response

The officials continue to work to address the issue and to provide a more complete set of formal accounts, policies, and procedures.

2018-003 FINANCIAL REPORTING PROCESSES

Criteria

According to Paragraph 3.28a of the 2007 Yellow Book, providing basic assistance, including "preparing draft financial statements that are based on management's chart of accounts and trial balance . . . ; preparing draft notes to the financial statements based on information determined and approved by management; [and] preparing a trial balance based on management's chart of accounts" are all nonaudit services that would not impair independence provided the Yellow Book's supplemental safeguards are implemented. One of the supplemental safeguards is identifying an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Condition

The County does not have controls over the period-end financial reporting processes, including controls over procedures used to initiate, authorize, record, and process journal entries to the unadjusted cash basis information necessary to prepare the financial statements. In addition, the County does not have controls over the selection of accounting procedures due to the lack of expertise over the selection and application of accounting principles. The County utilizes the expertise of the auditor to propose adjustments and disclosures and to draft the financial statements.

THURSTON COUNTY, NEBRASKA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018

2018-003 FINANCIAL REPORTING PROCESSES (Continued)

Cause

Management does not prepare the financial statements in accordance with the cash basis of accounting.

Effect

Without controls over the period-ending financial reporting processes, the County is taking the risk of accepting the financial statements that could have a material misrepresentation.

Recommendation

Management should carefully review financial statements including disclosures and understand the relationship to the underlying data. All proposed adjustments should be understood and approved.

County's Response

Thurston County has addressed these issues by appointing one person from the Clerk's office and one person from the Treasurer's office to become familiar and understand the accounting processes used by the County, and to more fully understand the complete application of the accounting practices currently in use. The two appointed persons are also expected to more fully understand the audit process and findings. To this end, the Clerk's office has provided additional training to the appointed person in order for them to become more familiar and understanding of the accounting processes used by the County.

THURSTON COUNTY, NEBRASKA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018

2017-001 SEGREGATION OF DUTIES

The same individual routinely reconciles the bank statements, makes journal entries, and manages the general ledger functions in each individual County office. This item is a continued finding for the year ended June 30, 2018, as item 2018-001.

2017-002 DOCUMENTATION OF PROCEDURES

The County does not have formal written accounting policies and procedures and related control procedures, including antifraud programs and controls. This item is a continued finding for the year ended June 30, 2018, as item 2018-002.

2017-003 FINANCIAL REPORTING PROCESSES

The County does not have controls over the period-end financial reporting processes, including controls over procedures used to initiate, authorize, record, and process journal entries to the unadjusted cash basis information necessary to prepare the financial statements. In addition, the County does not have controls over the selection of accounting procedures due to the lack of expertise over the selection and application of accounting principles. The County utilizes the expertise of the auditor to propose adjustments and disclosures and to draft the financial statements. This item is a continued finding for the year ended June 30, 2018, as item 2018-003.