

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDIT REPORTS THEREON
BANNER COUNTY, NEBRASKA
Year Ended June 30, 2018**

**Donald D. Wilson, Certified Public Accountant
McCook, Nebraska**

BANNER COUNTY, NEBRASKA

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INDEPENDENT AUDITOR'S REPORT

County Board of Commissioners
Banner County
Harrisburg, Nebraska 69345

Board Members:

Report on the Financial Statements

I have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Banner 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 financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were 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. My opinions are not modified with respect to this matter.

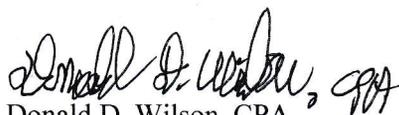
Supplementary Information

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Banner County, Nebraska financial statements. The budgetary comparison information and the combining and individual nonmajor fund financial statements, and the schedule of office activity, are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison information, combining and individual nonmajor fund financial statements, and schedule of office activity, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 16, 2018 on my consideration of Banner County, Nebraska's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit conducted in accordance with *Government Auditing Standards* in considering Banner County, Nebraska internal control over financial reporting and compliance.


Donald D. Wilson, CPA
McCook, Nebraska

November 16, 2018

BANNER COUNTY, NEBRASKA
STATEMENT OF NET POSITION - CASH BASIS

June 30, 2018

	EXHIBIT A
	<u>PRIMARY GOVERNMENT</u>
	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>1,266,006</u>
Total Assets	<u>1,266,006</u>
NET POSITION	
Restricted for:	
Road/Bridge Buyback	135,151
Register of Deeds P&M	3,194
Unrestricted	<u>1,127,661</u>
Total Net Position	<u><u>1,266,006</u></u>

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

BANNER COUNTY, NEBRASKA
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED June 30, 2018

Exhibit B

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipt and Changes in Net Assets Governmental Activities
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	663,589	59,703			(603,886)
Public Safety	117,160	4,037		16,988	(96,135)
Public Works	906,636	2,433	41,884		(862,319)
Public Health	5,018				(5,018)
Public Assistance	800				(800)
Culture and Recreation	43,939				(43,939)
Total Governmental Activities	1,737,142	66,173	41,884	16,988	(1,612,097)
General Receipts:					
Taxes:					
Property taxes, levied for general purposes					683,627
Property taxes, levied for public works					344,151
Property taxes, levied for culture and recreation					5,505
Motor Vehicle Tax					48,534
Inheritance Tax					27,632
Intergovernmental					447,808
Interest					11,314
Miscellaneous					41,937
Total General Receipts					1,610,508
Changes in Net Position					(1,589)
Net position - Beginning of Year					1,267,595
Net position - End of Year					1,266,006

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

BANNER COUNTY, NEBRASKA

**BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS**

June 30, 2018

EXHIBIT C

	<u>General</u>	<u>Road</u>	<u>Road Equipment</u>	<u>Road/Bridge Buyback</u>	<u>Inheritance Tax</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS							
Equity in Pooled Cash and Cash Equivalents	345,325	239,934	118,089	135,151	399,841	27,666	1,266,006
Total Assets	<u>345,325</u>	<u>239,934</u>	<u>118,089</u>	<u>135,151</u>	<u>399,841</u>	<u>27,666</u>	<u>1,266,006</u>
FUND BALANCES:							
Restricted				135,151		3,194	138,345
Assigned		239,934	118,089		399,841	24,472	782,336
Unassigned	<u>345,325</u>						<u>345,325</u>
Total Fund Balances	<u>345,325</u>	<u>239,934</u>	<u>118,089</u>	<u>135,151</u>	<u>399,841</u>	<u>27,666</u>	<u>1,266,006</u>

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

BANNER COUNTY, NEBRASKA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED June 30, 2018

EXHIBIT D

	General	Special Revenue			Inheritance Tax	NonMajor Governmental Funds	Total Governmental Funds
		Road	Road Equipment	Road/Bridge Buyback			
CASH RECEIPTS							
Property Taxes	683,627	301,721	42,430			5,505	1,033,283
Motor Vehicle Tax	48,534						48,534
Federal Grants	16,988	41,884					58,872
Intergovernmental	3,493	411,777	78	32,447		13	447,808
Inheritance Tax					27,632		27,632
Charges for Services	62,563	2,433				1,177	66,173
Interest	11,314						11,314
Miscellaneous	9,091	26,518				6,328	41,937
Total Cash Receipts	835,610	784,333	42,508	32,447	27,632	13,023	1,735,553
CASH DISBURSEMENTS							
General Government	662,572					1,017	663,589
Public Safety	117,160						117,160
Public Works	51,472	840,206		14,958			906,636
Public Health	5,018						5,018
Public Assistance	800						800
Culture and Recreation						43,939	43,939
Total Cash Disbursements	837,022	840,206	0	14,958	0	44,956	1,737,142
Excess of Cash Receipts Over (Under) Cash Disbursements	(1,412)	(55,873)	42,508	17,489	27,632	(31,933)	(1,589)
OTHER FINANCING SOURCES (USES)							
Transfers In					33,750		33,750
Transfers (Out)		(33,750)					(33,750)
Total Other Financing Sources (Uses)	0	(33,750)	0	0	33,750	0	0
Net Change in Fund Balances	(1,412)	(89,623)	42,508	17,489	61,382	(31,933)	(1,589)
Fund Balances, Beginning of Year	346,737	329,557	75,581	117,662	338,459	59,599	1,267,595
Fund Balances, End of Year	345,325	239,934	118,089	135,151	399,841	27,666	1,266,006

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

BANNER COUNTY, NEBRASKA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS

AGENCY FUNDS

Year Ended June 30, 2018

EXHIBIT E

	<u>Balance July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2018</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalentents	<u>43,751</u>	<u>3,509,300</u>	<u>3,497,276</u>	<u>55,775</u>
Total Assets	<u>43,751</u>	<u>3,509,300</u>	<u>3,497,276</u>	<u>55,775</u>
LIABILITIES				
State	9,567	213,900	210,399	13,068
Schools	28,567	2,762,278	2,755,062	35,783
Educational Service Units	331	41,478	41,414	395
Community College	2,030	271,548	270,882	2,696
Natural Resource District	1,283	166,012	165,680	1,615
Cemetery District	1,686	2,288	2,248	1,726
Fire Districts	287	40,817	40,696	408
Historical Society	0	5,245	5,161	84
Redemptions	<u>0</u>	<u>5,734</u>	<u>5,734</u>	<u>0</u>
Total Liabilities	<u>43,751</u>	<u>3,509,300</u>	<u>3,497,276</u>	<u>55,775</u>
NET POSITION	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

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

BANNER COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

Banner County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the county is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. Control or dependence is determined on the criteria of 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 benefits to or impose specific financial burdens on the county.

Other individual County offices maintain accounting records and account for monies received and disbursed directly by these offices. Only that portion of these monies which is subsequently receipted by the County Treasurer is reflected in the County's financial statements.

B. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the cash activities of the primary government.

The Statement of Net Position, cash-basis, presents the County's non-fiduciary assets and liabilities, with the difference reported as net position. Net Position is reported in two categories:

Restricted Net Position – result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position– has constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities, cash-basis, demonstrates the degree to which the direct expenses of a given function are offset by program receipts. Direct expenses are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

BANNER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

Government-wide Financial Statements (Concluded):

Property tax and other items not properly included among program receipts are reported as general receipts.

Fund Financial Statements:

During the year, the County segregates transactions related to certain county functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The County uses two categories of funds, governmental and fiduciary. The focus of governmental fund financial statements is on the major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The following are Banner County's major governmental funds:

General Fund:

The General Fund is the County's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Nebraska.

Road Fund (Special Revenue):

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

Road Equipment (Special Revenue):

The Road Equipment Fund is used to account for receipts and disbursements for necessary road equipment.

Road/Bridge Buyback (Special Revenue):

The Road Equipment Fund is used to account for receipts and disbursements for necessary road and bridge construction.

Inheritance Tax (Special Revenue):

The Inheritance Tax Fund is used to account for receipts generated from inheritance taxes collected in accordance with State Statute. The fund balance is available to the county for any purpose.

In the fund financial statements, governmental fund balances are required to be reported according to the following classifications:

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

BANNER COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Presentation (Concluded):

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution) by the County’s highest level of decision-making authority, the County Board.

Assigned fund balance – Amounts that are constrained by the County’s intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the County Board, or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The County’s only fiduciary funds are agency funds. The agency funds account for assets held by the County for political subdivisions in which the County acts as a fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting:

The funds of the County and the financial statements have been prepared on the cash receipts and disbursements basis of accounting. Receipts are taken into account only when received by the County and disbursements are recorded when warrants are issued. This differs from generally accepted accounting principles, which require governmental fund accounting to follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual and obligations are generally recognized when they are incurred.

D. Capital Assets:

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

E. Property Taxes:

Property taxes are levied by October 15 based on valuations as of April 1. Real Estate taxes become due and attach as an enforceable lien on property as of December 31. Real Estate and Personal Property taxes are payable in two installments and become delinquent on May 1 and September 1, following the levy date. Motor Vehicle taxes are due when application is made for registration of a Motor Vehicle.

BANNER COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED):

E. Property Taxes (Concluded):

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services, except that \$.05 of \$100 of taxable valuation of property subject to the levy may only be levied to provide financing for the County's share of revenue required under an agreement executed pursuant to the Inter-Local Cooperation act. The County may allocate up to fifteen cents of its authority to other political subdivisions including fire districts, cemetery districts, and an agricultural society. The County may levy taxes in addition to the .50-cent limitation upon a vote of the people.

The levy set in October 2017 for 2017 taxes, which will be materially collected in May, and September 2018, was set at \$.370697/\$100 of assessed valuation. Assessed valuation for Banner County for the 2017 tax levy was \$276,403,883.

Additionally, there is currently a legislatively imposed lid limitation, which limits taxation to the prior year's level, with provisions for growth and the reduction of state aid. It may be increased by 2.5%, plus allowable growth, and an additional 1% by a three-fourths majority of the County Board, or to any level by a vote of the people in the County.

NOTE 2: DEPOSITS AND INVESTMENTS:

The County Treasurer has generally pooled the cash resources of the various funds for investment purposes. Cash and cash equivalents are considered to be cash on hand and demand deposits. 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 in which 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.

Banner County is a participant in an external investment pool, the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a separate legal and administrative entity organized and existing pursuant to the Inter-Local Cooperation Act and other Nebraska law. The County Treasurer had \$301,231 invested with NPAIT as of June 30, 2018. This carrying value of investment is stated at cost, which approximates market. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. State law restricts the type of collateral securities allowed. For the purposes of classifying categories of custodial risk, the deposits for the County as of June 30, 2018 were entirely insured or collateralized with securities held by the County's agent in the County's name.

BANNER COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENT - CONTINUED
For the Year Ended June 30, 2018**

NOTE 3: INTERFUND LOAN:

The details of interfund loans between funds as of June 30, 2018 were as follows:

<u>Due To:</u>	<u>Due From:</u>	<u>Amount:</u>
Inheritance Tax	Road	101,250

The loan for road equipment will be paid with annual payments of \$33,750 from the Road Fund to the Inheritance Tax Fund.

NOTE 4: RETIREMENT PROGRAM:

The Retirement Program for Nebraska Counties is a multiple-employer cash balance benefit plan, or a defined contribution plan administered by the Nebraska Public Employees Retirement Board (NPERB) in accordance with the provisions of the County Employees Retirement Act beginning at State Statute Section 23-2301.

Each member who is employed and participating in the retirement system prior to January 1, 2003, may either elect to continue participation in the defined contribution benefit plan or elect to participate in the cash balance benefit plan. All new members as of January 1, 2003 will participate in the cash balance benefit plan. In a cash balance benefit plan, benefits depend on amounts contributed to the plan plus interest credits. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. All elected officials and full-time employees who have attained the age of twenty will begin immediate plan participation upon hire. Permanently employed part-time employees may exercise the option to begin immediate participation. Employees contribute 4.5% of their salary and the County match is 6.75% of the salary. Commissioned law enforcement personnel employed by the County contribute 5.5% of their salary and the County match is 7.75% of the salary. The employee and employer's contributions are kept in separate accounts. The employer's account is fully vested. The employee's account is vested 100% after three years participation in the plan. The County's contributions to NPERB for the years ended June 30, 2018, 2017, and 2016 were \$33,375, \$32,011, and \$31,399, respectively.

NOTE 5: 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 expenditures financed by governmental grant programs, although past audits have resulted in no violations of grant regulations and no requests for reimbursement. 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 relation to the County's financial statements as of June 30, 2018.

BANNER COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENT - CONCLUDED
For the Year Ended June 30, 2018**

NOTE 6: ACCUMULATED COMPENSATED ABSENCES:

It is the County's Policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave. No employee may accumulate more than 240 hours of sick leave. Upon separation from the County's service, the accumulated vacation would be paid, and 25% of accrued sick leave would be paid, if employed for three consecutive years. The cost of vacation and sick leave are recognized when payments are made to the individual.

NOTE 7: JOINT VENTURE:

Region 1:

Banner County has entered into an agreement with the other counties in Region I in conjunction with the Nebraska Department of Public Institutions to provide services to carry out the provisions of the Nebraska Comprehensive Community Mental Health Services Act and the related alcoholism and drug abuse services and the Developmental Disabilities Services Act (Acts). Region I consists of the following counties: Sioux, Dawes, Box Butte, Sheridan, Scottsbluff, Morrill, Garden, Banner, Kimball, Cheyenne and Deuel. Funding is provided by a combination of federal, state, local, and private funding. Banner County contributed \$4,640 toward the operation of Region I 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 Public Institutions requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available from Region I.

Region 22:

Banner County contracts with Region 22 in Scottsbluff County to provide emergency management functions. Banner County contributed \$4,200 toward the operation of Region 22 during the fiscal year ended June 30, 2018.

NOTE 8: COUNTY INSURANCE:

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 has joined together with other counties in the State of Nebraska to form NIRMA (Nebraska Intergovernmental Risk Management Association), which is a public entity risk pool currently operating as a common risk management and insurance program for 87-member counties. The County pays an annual premium to NIRMA for its general insurance coverage and workers' compensation. The agreement for formation of NIRMA provides that NIRMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of premium contributions of the pool. NIRMA currently carries commercial insurance to insure against claims in excess of the loss fund for each county equal to that county's assessed valuation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BANNER COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2018

EXHIBIT F

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	725,500	725,500	732,161	6,661
Federal	25,000	25,000	16,988	(8,012)
State	5,550	5,550	3,485	(2,065)
Local	94,303	94,303	82,976	(11,327)
Total Cash Receipts	850,353	850,353	835,610	(14,743)
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	25,850	25,850	25,538	312
Clerk	54,275	54,275	51,925	2,350
Treasurer	62,320	62,320	61,216	1,104
Assessor	64,400	64,400	60,569	3,831
Elections	10,025	10,025	7,303	2,722
Clerk of the District Court	4,980	4,980	4,926	54
County Court System	1,700	1,700	858	842
Building and Grounds	88,300	88,300	35,449	52,851
Extension Office	24,350	24,350	24,028	322
Miscellaneous	497,600	497,600	390,760	106,840
Total General Government	833,800	833,800	662,572	171,228
Public Safety:				
Sheriff	88,590	88,590	57,745	30,845
Attorney	41,800	41,800	28,164	13,636
Emergency Management	5,000	5,000	4,200	800
Predatory Animal	11,100	11,100	7,357	3,743
Miscellaneous	36,000	36,000	19,694	16,306
Total Public Safety	182,490	182,490	117,160	65,330
Public Works:				
Noxious Weed	46,130	46,130	37,021	9,109
Surveyor	14,830	14,830	14,451	379
Total Public Works	60,960	60,960	51,472	9,488
Public Health:				
Miscellaneous	9,040	9,040	5,018	4,022
Total Public Health	9,040	9,040	5,018	4,022
Public Assistance:				
Veteran's Service Officer	800	800	800	0
Total Public Assistance	800	800	800	0

BANNER COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH DISBURSEMENTS (CONCLUDED):				
Total Cash Disbursements	1,087,090	1,087,090	837,022	250,068
Excess of Cash Receipts Over (Under) Cash Disbursements	(236,737)	(236,737)	(1,412)	235,325
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	70,000	70,000		(70,000)
Operating Transfers (Out)				0
Total Other Financing Sources (Uses)	70,000	70,000	0	(70,000)
Net Change in Fund Balance	(166,737)	(166,737)	(1,412)	165,325
Fund Balance, Beginning of Year	346,737	346,737	346,737	
Fund Balance, End of Year	180,000	180,000	345,325	165,325

See Accompanying Notes to Budgetary Reporting

BANNER COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD FUND**

For the Year Ended June 30, 2018

EXHIBIT G

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	326,120	326,120	301,721	(24,399)
Federal	41,884	41,884	41,884	0
State	407,180	407,180	411,777	4,597
Local	34,449	34,449	28,951	(5,498)
Total Cash Receipts	<u>809,633</u>	<u>809,633</u>	<u>784,333</u>	<u>(25,300)</u>
CASH DISBURSEMENTS:				
Public Works:				
Road Department	<u>1,029,190</u>	<u>1,029,190</u>	<u>840,206</u>	<u>188,984</u>
Total Cash Disbursements	<u>1,029,190</u>	<u>1,029,190</u>	<u>840,206</u>	<u>188,984</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(219,557)</u>	<u>(219,557)</u>	<u>(55,873)</u>	<u>163,684</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	70,000	70,000		(70,000)
Operating Transfers (Out)			<u>(33,750)</u>	<u>(33,750)</u>
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>70,000</u>	<u>(33,750)</u>	<u>(103,750)</u>
Net Change in Fund Balance	(149,557)	(149,557)	(89,623)	59,934
Fund Balance, Beginning of Year	<u>329,557</u>	<u>329,557</u>	<u>329,557</u>	
Fund Balance, End of Year	<u>180,000</u>	<u>180,000</u>	<u>239,934</u>	<u>59,934</u>

See Accompanying Notes to Budgetary Reporting

BANNER COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD EQUIPMENT**

For the Year Ended June 30, 2018

EXHIBIT H

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	25,000	25,000	42,430	17,430
State	190	190	78	(112)
Local	9	9		(9)
Total Cash Receipts	<u>25,199</u>	<u>25,199</u>	<u>42,508</u>	<u>17,309</u>
CASH DISBURSEMENTS:				
Public Works	<u>100,780</u>	<u>100,780</u>		<u>100,780</u>
Total Cash Disbursements	<u>100,780</u>	<u>100,780</u>	<u>0</u>	<u>100,780</u>
Net Change in Fund Balance	(75,581)	(75,581)	42,508	118,089
Fund Balance, Beginning of Year	<u>75,581</u>	<u>75,581</u>	<u>75,581</u>	<u>0</u>
Fund Balance, End of Year	<u>0</u>	<u>0</u>	<u>118,089</u>	<u>118,089</u>

See Accompanying Notes to Budgetary Reporting

BANNER COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD/BRIDGE BUYBACK**

For the Year Ended June 30, 2018

EXHIBIT I

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
State	32,448	32,448	32,447	(1)
Total Cash Receipts	32,448	32,448	32,447	(1)
CASH DISBURSEMENTS:				
Public Works	150,110	150,110	14,958	135,152
Total Cash Disbursements	150,110	150,110	14,958	135,152
Net Change in Fund Balance	(117,662)	(117,662)	17,489	135,151
Fund Balance, Beginning of Year	117,662	117,662	117,662	0
Fund Balance, End of Year	0	0	135,151	135,151

See Accompanying Notes to Budgetary Reporting

BANNER COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
INHERITANCE TAX**

For the Year Ended June 30, 2018

EXHIBIT J

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local	45,301	45,301	27,632	(17,669)
Total Cash Receipts	45,301	45,301	27,632	(17,669)
CASH DISBURSEMENTS:				
General Government	243,760	243,760		243,760
Total Cash Disbursements	243,760	243,760	0	243,760
Excess of Cash Receipts Over (Under) Cash Disbursements	(198,459)	(198,459)	27,632	226,091
OTHER FINANCING SOURCES (USES):				
Operating Transfers In			33,750	33,750
Operating Transfers (Out)	(140,000)	(140,000)		140,000
Total Other Financing Sources (Uses)	(140,000)	(140,000)	33,750	173,750
Net Change in Fund Balance	(338,459)	(338,459)	61,382	399,841
Fund Balance, Beginning of Year	338,459	338,459	338,459	0
Fund Balance, End of Year	0	0	399,841	399,841

See Accompanying Notes to Budgetary Reporting

BANNER COUNTY, NEBRASKA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

For the Year Ended June 30, 2018

NOTE 1: GAAP REQUIREMENTS:

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue funds that have a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the original budget and final budget amounts. The original budget is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board.

NOTE 2: BUDGET POLICY:

The County follows these procedures in establish the budgetary data reflected in the schedules in accordance with the statutory 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. The budget contains only those revenues, which have actually been received by the County Treasurer.

The County Board must hold at least one public hearing. Prior to September 20, after the action of the State Board of Equalization and Assessment 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.

BANNER COUNTY, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2018

SCHEDULE 1

	Bridge	County Fair	Register of Deeds P&M	Drug Law Enforcement	Museum	Total Nonmajor Special Revenue Funds (Exhibit C)
ASSETS						
Equity in Pooled Cash and Cash Equivalents	13,879	8,759	3,194	1,510	324	27,666
Total Assets	<u>13,879</u>	<u>8,759</u>	<u>3,194</u>	<u>1,510</u>	<u>324</u>	<u>27,666</u>
FUND BALANCES:						
Restricted			3,194			3,194
Assigned	13,879	8,759		1,510	324	24,472
Total Fund Balances	<u>13,879</u>	<u>8,759</u>	<u>3,194</u>	<u>1,510</u>	<u>324</u>	<u>27,666</u>

BANNER COUNTY NEBRASKA

**COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For The Year Ended June 30, 2018

SCHEDULE 2

	Bridge	County Fair	Register of Deeds P&M	Drug Law Enforcement	Museum	Total Nonmajor Special Revenue Funds (Exhibit D)
CASH RECEIPTS						
Property Taxes		1,989			3,516	5,505
Intergovernmental		5			8	13
Charges for Services			1,177			1,177
Miscellaneous		6,328				6,328
Total Cash Receipts	0	8,322	1,177	0	3,524	13,023
CASH DISBURSEMENTS						
General Government			1,017			1,017
Public Works						0
Culture and Recreation		5,777			38,162	43,939
Total Cash Disbursements	0	5,777	1,017	0	38,162	44,956
Net Change in Fund Balances	0	2,545	160	0	(34,638)	(31,933)
Fund Balances, Beginning of Year	13,879	6,214	3,034	1,510	34,962	59,599
Fund Balances, End of Year	13,879	8,759	3,194	1,510	324	27,666

BANNER COUNTY, NEBRASKA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2018

SCHEDULE 3

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
BRIDGE				
CASH RECEIPTS	1	1	0	(1)
CASH DISBURSEMENTS	13,880	13,880	0	13,880
Net Change in Fund Balance	(13,879)	(13,879)	0	13,879
Fund Balance, Beginning of Year	13,879	13,879	13,879	
Fund Balance, End of Year	0	0	13,879	13,879
COUNTY FAIR				
CASH RECEIPTS	6,306	6,306	8,322	2,016
CASH DISBURSEMENTS	12,520	12,520	5,777	6,743
Net Change in Fund Balance	(6,214)	(6,214)	2,545	8,759
Fund Balance, Beginning of Year	6,214	6,214	6,214	
Fund Balance, End of Year	0	0	8,759	8,759
REGISTER OF DEEDS P&M				
CASH RECEIPTS	1,715	1,715	1,177	(538)
CASH DISBURSEMENTS	4,790	4,790	1,017	3,773
Net Change in Fund Balance	(3,075)	(3,075)	160	3,235
Fund Balance, Beginning of Year	3,075	3,075	3,034	(41)
Fund Balance, End of Year	0	0	3,194	3,194
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	8,490	8,490	0	(8,490)
CASH DISBURSEMENTS	10,000	10,000	0	10,000
Net Change in Fund Balance	(1,510)	(1,510)	0	1,510
Fund Balance, Beginning of Year	1,510	1,510	1,510	
Fund Balance, End of Year	0	0	1,510	1,510
MUSEUM				
CASH RECEIPTS	5,008	5,008	3,524	(1,484)
CASH DISBURSEMENTS	39,970	39,970	38,162	1,808
Net Change in Fund Balance	(34,962)	(34,962)	(34,638)	324
Fund Balance, Beginning of Year	34,962	34,962	34,962	
Fund Balance, End of Year	0	0	324	324

BANNER COUNTY NEBRASKA
SCHEDULE OF OFFICE ACTIVITIES
For The Year Ended June 30, 2018

SCHEDULE 4

	<u>County Clerk</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Fair</u>	<u>Total</u>
Balance July 1, 2017	1,958	1,730	149	6,328	10,165
Receipts					
Licenses and Permits	125				125
Charges for Services	15,080	4,075	808		19,963
Miscellaneous	314				314
State Fees	12,556	876			13,432
Other Liabilities		26,897			26,897
Total Receipts	<u>28,075</u>	<u>31,848</u>	<u>808</u>	<u>0</u>	<u>60,731</u>
Disbursements					
Payments to County Treasurer	15,453	313	736	6,328	22,830
Payments to State Treasurer	12,964	240			13,204
Other Liabilities		16,805			16,805
Total Disbursements	<u>28,417</u>	<u>17,358</u>	<u>736</u>	<u>6,328</u>	<u>52,839</u>
Balance June 30, 2018	<u><u>1,616</u></u>	<u><u>16,220</u></u>	<u><u>221</u></u>	<u><u>0</u></u>	<u><u>18,057</u></u>
BALANCE CONSISTS OF:					
Due to County Treasurer	1,076	3,762	221		5,059
Due to State Treasurer	490	636			1,126
Petty Cash	50				50
Due to Others		11,822			11,822
Balance June 30, 2018	<u><u>1,616</u></u>	<u><u>16,220</u></u>	<u><u>221</u></u>	<u><u>0</u></u>	<u><u>18,057</u></u>

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

County Board of Commissioners
Banner County
Harrisburg, Nebraska 69345

Board Members:

I 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 Banner County, Nebraska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Banner County, Nebraska financial statements, and have issued my report thereon dated November 16, 2018. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

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

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

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

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards*

Page 2

The County offices had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Good Internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records.

Management Response: Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

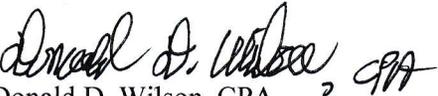
As part of obtaining reasonable assurance about whether Banner County, Nebraska financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and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

Response to Finding

Banner County, Nebraska management response to the finding identified in my audit is described above. Banner County, Nebraska response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.


Donald D. Wilson, CPA
McCook, Nebraska

November 16, 2018