

**AUDIT REPORT  
OF  
KNOX COUNTY**

**JULY 1, 2019, THROUGH JUNE 30, 2020**

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**Issued on October 7, 2020**

KNOX COUNTY

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KNOX COUNTY  
206 Main Street  
Center, NE 68724

**LIST OF COUNTY OFFICIALS**  
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Jim Borgmann	Jan. 2023
	Patrick Liska	Jan. 2021
	Kevin Mackeprang	Jan. 2023
	Virgil Miller	Jan. 2023
	Marty O'Connor	Jan. 2023
	Danny Schlote	Jan. 2021
	Jim Sokol Jr.	Jan. 2021
Assessor	Monica McManigal	Jan. 2023
Attorney	John Thomas	Jan. 2023
Clerk	Joann Fischer	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Matt Fischer	Jan. 2023
Sheriff	Donald Henery	Jan. 2023
Treasurer	Cathy Stark	Jan. 2023
Surveyor	Michael Skroch	Jan. 2023
Veterans' Service Officer	Gary Jones	Appointed
Weed Superintendent	Steven Banks	Appointed
Highway Superintendent	Kevin Barta	Appointed
Planning & Zoning	Liz Doerr	Appointed
Emergency Manager	Laura Hintz	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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KNOX COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Knox County, Nebraska

### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Knox County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Knox County as of June 30, 2020, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 17-30, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020, on our consideration of Knox County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Knox County's internal control over financial reporting and compliance.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

October 6, 2020

KNOX COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2020

		<u>Governmental Activities</u>
<b>ASSETS</b>		
Cash and Cash Equivalents (Note 1.D)	\$	8,292,190
Investments (Note 1.D)		3,010,854
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>11,303,044</u></b>
<b>NET POSITION</b>		
Restricted for:		
Visitor Promotion	\$	141,625
911 Emergency Services		110,964
Preservation of Records		17,921
Child Support Enforcement		91,401
Road Maintenance		376,677
Aid and Assistance		4,500
Unrestricted		10,559,956
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u>11,303,044</u></b>

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

KNOX COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2020

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (3,220,738)	\$ 381,984	\$ 85,234	\$ (2,753,520)
Public Safety	(1,079,164)	70,943	30,085	(978,136)
Public Works	(7,062,175)	1,555	2,729,056	(4,331,564)
Public Assistance	(45,213)	-	-	(45,213)
Culture and Recreation	(34,145)	-	1,990	(32,155)
Total Governmental Activities	<u>\$ (11,441,435)</u>	<u>\$ 454,482</u>	<u>\$ 2,846,365</u>	<u>(8,140,588)</u>

General Receipts:

Property Taxes	4,079,110
Grants and Contributions Not Restricted to Specific Programs	668,041
Investment Income	294,506
Licenses and Permits	60,542
Grant and Loan Reimbursements	471,132
Miscellaneous	95,336
Total General Receipts	<u>5,668,667</u>
Increase in Net Position	(2,471,921)
Net Position - Beginning of year	13,774,965
Net Position - End of year	<u>\$ 11,303,044</u>

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

KNOX COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2020

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Flowage Easement Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 667,003	\$ 305,976	\$ 11,810	\$ 6,275,179	\$ 1,032,222	\$ 8,292,190
Investments (Note 1.D)	1,074,969	-	1,300,000	251,373	384,512	3,010,854
<b>TOTAL ASSETS</b>	<u><u>\$ 1,741,972</u></u>	<u><u>\$ 305,976</u></u>	<u><u>\$ 1,311,810</u></u>	<u><u>\$ 6,526,552</u></u>	<u><u>\$ 1,416,734</u></u>	<u><u>\$ 11,303,044</u></u>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	141,625	141,625
911 Emergency Services	-	-	-	-	110,964	110,964
Preservation of Records	-	-	-	-	17,921	17,921
Child Support Enforcement	-	-	-	-	91,401	91,401
Road Maintenance	-	-	-	-	376,677	376,677
Aid and Assistance	-	-	-	-	4,500	4,500
Committed to:						
Law Enforcement	-	-	-	-	11,496	11,496
Road Maintenance	-	305,976	-	-	-	305,976
Road Projects	-	-	-	6,526,552	-	6,526,552
County Insurance	-	-	-	-	68,912	68,912
Economic Development	-	-	-	-	593,238	593,238
Assigned to:						
Other Purposes	-	-	1,311,810	-	-	1,311,810
Unassigned	1,741,972	-	-	-	-	1,741,972
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u><u>\$ 1,741,972</u></u>	<u><u>\$ 305,976</u></u>	<u><u>\$ 1,311,810</u></u>	<u><u>\$ 6,526,552</u></u>	<u><u>\$ 1,416,734</u></u>	<u><u>\$ 11,303,044</u></u>

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

KNOX COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	General Fund	Road Fund	Inheritance Fund	Flowage Easement Road Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$3,685,206	\$ -	\$ 245,769	\$ -	\$ 148,135	\$ 4,079,110
Licenses and Permits	60,542	-	-	-	-	60,542
Investment Income	95,673	-	-	192,496	6,337	294,506
Intergovernmental	738,357	2,188,741	-	216,315	370,993	3,514,406
Charges for Services	443,290	1,555	-	-	9,637	454,482
Miscellaneous	12,113	108,487	305,339	-	140,529	566,468
<b>TOTAL RECEIPTS</b>	<u>5,035,181</u>	<u>2,298,783</u>	<u>551,108</u>	<u>408,811</u>	<u>675,631</u>	<u>8,969,514</u>
<b>DISBURSEMENTS</b>						
General Government	2,167,187	-	673,919	-	379,632	3,220,738
Public Safety	1,017,335	-	-	-	61,829	1,079,164
Public Works	184,836	3,623,476	-	2,907,647	346,216	7,062,175
Public Assistance	45,213	-	-	-	-	45,213
Culture and Recreation	-	-	-	-	34,145	34,145
<b>TOTAL DISBURSEMENTS</b>	<u>3,414,571</u>	<u>3,623,476</u>	<u>673,919</u>	<u>2,907,647</u>	<u>821,822</u>	<u>11,441,435</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,620,610</u>	<u>(1,324,693)</u>	<u>(122,811)</u>	<u>(2,498,836)</u>	<u>(146,191)</u>	<u>(2,471,921)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	200,000	1,158,776	25,469	262,489	54,585	1,701,319
Transfers out	(1,466,840)	-	(200,000)	-	(34,479)	(1,701,319)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,266,840)</u>	<u>1,158,776</u>	<u>(174,531)</u>	<u>262,489</u>	<u>20,106</u>	<u>-</u>
Net Change in Fund Balances	353,770	(165,917)	(297,342)	(2,236,347)	(126,085)	(2,471,921)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>						
	<u>1,388,202</u>	<u>471,893</u>	<u>1,609,152</u>	<u>8,762,899</u>	<u>1,542,819</u>	<u>13,774,965</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>						
	<u>\$1,741,972</u>	<u>\$ 305,976</u>	<u>\$ 1,311,810</u>	<u>\$ 6,526,552</u>	<u>\$ 1,416,734</u>	<u>\$ 11,303,044</u>

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

KNOX COUNTY  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2020

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,515,762
 <b>LIABILITIES</b>	
Due to other governments	
State	233,932
Schools	242,437
Educational Service Units	3,064
Technical College	19,458
Natural Resource Districts	4,051
Fire Districts	17,225
Municipalities	34,339
Agricultural Society	1,383
Airport Authorities	15,538
Townships	742,604
Sanitary and Improvement Districts	201,731
<b>TOTAL LIABILITIES</b>	<b>1,515,762</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

**Joint Organization.**

Behavioral Health Region IV – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region IV (Region) 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.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$10,086 toward the operation of the Region during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (2020 Neb. Laws, LB 781, § 8). Financial information for the Department is available in that report.

Knox County Economic Development Agency – The County has entered into an agreement with the Knox County Economic Development Agency (Agency) to establish County-wide economic development. Participating members of the Agency are the cities of Bloomfield, Creighton, and Crofton, the villages of Center, Niobrara, Santee, Verdigre, and Wausa, the County of Knox, and Great Plains Communications, Inc.

The Agency's governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Funding is provided by the participating entities as a percentage of the annual budget. The County contributed the salary of the Executive Director, plus benefits, and office space for the Agency. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. Financial information for the Agency is included in the Community Development Fund of the County financial statements.

**B. Basis of Presentation**

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

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

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

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

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

The County reports the following major governmental funds:

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

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

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

**Flowage Easement Road Fund.** This fund is used to account for settlement monies received from the U.S. Army Corps of Engineers and Grant reimbursements. Receipts are from interest earned on the balance in the fund and Federal grant reimbursements through the State of Nebraska. The funds are used for various improvements of County roadways.

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

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

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

The County designates fund balances as follows:

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

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

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

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

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

D. **Assets and Net Position**

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

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

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

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

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

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**Restricted Net Position.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$743,088 of restricted net position, which is fully restricted by enabling legislation.

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

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$8,292,190 for County funds and \$1,515,762 for Fiduciary funds. The bank balances for all funds totaled \$9,796,720. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$3,010,854 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

**3. Property Taxes**

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

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

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.167619/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.167739/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

**4. Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018, Supp. 2019) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2020, 81 employees contributed \$127,086, and the County contributed \$189,314. Contributions included \$2,629 in cash contributions towards the supplemental law enforcement plan for six law enforcement employees. Lastly, the County paid \$1,887 directly to 18 retired employees for prior service benefits.

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 98 counties and local governments throughout Nebraska.

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

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

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

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

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<b><u>Transfers to</u></b>	<u>Transfers from</u>			<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 200,000	\$ -	\$ 200,000
Road Fund	1,158,776	-	-	1,158,776
Inheritance Fund	-	-	25,469	25,469
Flowage Easement Road Fund	262,489	-	-	262,489
Nonmajor Funds	45,575	-	9,010	54,585
<b>Total</b>	<b>\$ 1,466,840</b>	<b>\$ 200,000</b>	<b>\$ 34,479</b>	<b>\$ 1,701,319</b>

Transfers are used to move unrestricted receipts collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

7. **Interfund Loans**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Flowage Easement Road Fund	General Fund	\$ 524,978
Inheritance Fund	911 Emergency Fund	\$ 50,937

8. **Contingent Liabilities**

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

9. **Notes Receivable**

In 1985, the County received a Community Development Block Grant from the Nebraska Department of Economic Development (DED) in the amount of \$154,000. An additional grant, totaling \$347,210, was received in 1990. Over the years, the amount was loaned to various businesses that, in turn, repaid the money to the County. The DED program has now ended, and any money left in the Fund or still being returned to the County is being used as a match to projects approved by the DED. The County has 11 loans that are still being repaid with interest rates ranging from 3.5% to 5%. The businesses owe the County \$213,568 as of June 30, 2020. In December 2018, the County entered into an agreement with the Northeast Economic Development, Inc. (NED) to sub-grant all future economic loans to be reused by NED for economic development activities throughout a 26 county area. During the fiscal year, the County awarded three new grants, totaling \$255,322, in connection with the new agreement.

10. **Subsequent Event**

On July 16, 2020, a balance of \$1,907,744 was received for inheritance taxes and was receipted into the Inheritance Tax Fund.

**KNOX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 4,062,817	\$ 4,062,817	\$ 3,685,206	\$ (377,611)
Licenses and Permits	43,300	43,300	60,542	17,242
Interest	60,100	60,100	95,673	35,573
Intergovernmental	389,009	389,009	738,357	349,348
Charges for Services	367,434	367,434	443,290	75,856
Miscellaneous	5,550	5,550	12,113	6,563
<b>TOTAL RECEIPTS</b>	<u>4,928,210</u>	<u>4,928,210</u>	<u>5,035,181</u>	<u>106,971</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	175,562	175,562	173,188	2,374
County Clerk	144,921	144,921	141,970	2,951
County Treasurer	215,049	215,049	214,011	1,038
Register of Deeds	47,949	47,949	45,447	2,502
County Assessor	248,594	248,594	238,007	10,587
Election Commissioner	66,410	66,410	60,764	5,646
Building and Zoning	42,375	42,375	29,770	12,605
District Court - Judicial	23,500	23,500	3,516	19,984
Clerk of the District Court	108,849	108,849	107,349	1,500
County Court System	10,000	10,000	4,732	5,268
District Judge	6,000	6,000	5,006	994
Building and Grounds	181,616	181,616	153,216	28,400
Reappraisal	43,100	43,100	40,023	3,077
Agricultural Extension Agent	83,100	83,100	70,597	12,503
Grants	23,000	23,000	-	23,000
Miscellaneous	1,088,143	1,088,143	879,591	208,552
Public Safety				
County Sheriff	501,650	501,650	431,200	70,450
County Attorney	116,616	116,616	115,159	1,457
County Jail	436,800	436,800	403,914	32,886
Emergency Management	114,033	114,033	67,062	46,971
Public Works				
County Surveyor	9,700	9,700	6,196	3,504
Noxious Weed Control	47,975	47,975	33,047	14,928
Highway Department	147,180	147,180	145,593	1,587
Public Assistance				
Veterans' Service Officer	52,450	52,450	45,053	7,397
Institutions	5,000	5,000	-	5,000
County Relief	10,000	10,000	160	9,840
<b>TOTAL DISBURSEMENTS</b>	<u>3,949,572</u>	<u>3,949,572</u>	<u>3,414,571</u>	<u>535,001</u>

**KNOX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	978,638	978,638	1,620,610	641,972
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	200,000	200,000	-
Transfers out	(1,466,840)	(1,466,840)	(1,466,840)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,266,840)	(1,266,840)	(1,266,840)	-
Net Change in Fund Balance	(288,202)	(288,202)	353,770	641,972
<b>FUND BALANCE - BEGINNING</b>	1,388,202	1,388,202	1,388,202	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,741,972</u>	<u>\$ 641,972</u>

(Concluded)

**KNOX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,148,815	\$ 2,148,815	\$ 2,188,741	\$ 39,926
Charges for Services	3,000	3,000	1,555	(1,445)
Miscellaneous	91,491	91,491	108,487	16,996
<b>TOTAL RECEIPTS</b>	<u>2,243,306</u>	<u>2,243,306</u>	<u>2,298,783</u>	<u>55,477</u>
<b>DISBURSEMENTS</b>	<u>3,873,975</u>	<u>3,873,975</u>	<u>3,623,476</u>	<u>250,499</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,630,669)</u>	<u>(1,630,669)</u>	<u>(1,324,693)</u>	<u>305,976</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,158,776	1,158,776	1,158,776	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,158,776</u>	<u>1,158,776</u>	<u>1,158,776</u>	<u>-</u>
Net Change in Fund Balance	(471,893)	(471,893)	(165,917)	305,976
<b>FUND BALANCE - BEGINNING</b>	<u>471,893</u>	<u>471,893</u>	<u>471,893</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,976</u>	<u>\$ 305,976</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 403,000	\$ 403,000	\$ 245,769	\$ (157,231)
Miscellaneous	27,877	27,877	305,339	277,462
<b>TOTAL RECEIPTS</b>	<u>430,877</u>	<u>430,877</u>	<u>551,108</u>	<u>120,231</u>
<b>DISBURSEMENTS</b>	<u>1,865,498</u>	<u>1,865,498</u>	<u>673,919</u>	<u>1,191,579</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,434,621)</u>	<u>(1,434,621)</u>	<u>(122,811)</u>	<u>1,311,810</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,469	25,469	25,469	-
Transfers out	(200,000)	(200,000)	(200,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(174,531)</u>	<u>(174,531)</u>	<u>(174,531)</u>	<u>-</u>
Net Change in Fund Balance	(1,609,152)	(1,609,152)	(297,342)	1,311,810
<b>FUND BALANCE - BEGINNING</b>	<u>1,609,152</u>	<u>1,609,152</u>	<u>1,609,152</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,311,810</u>	<u>\$ 1,311,810</u>

(Continued)

**KNOX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>FLOWAGE EASEMENT ROAD FUND</u></b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 192,496	\$ 192,496
Intergovernmental	-	-	216,315	216,315
Miscellaneous	131,443	131,443	-	(131,443)
<b>TOTAL RECEIPTS</b>	<u>131,443</u>	<u>131,443</u>	<u>408,811</u>	<u>277,368</u>
 <b>DISBURSEMENTS</b>	 <u>9,156,831</u>	 <u>9,156,831</u>	 <u>2,907,647</u>	 <u>6,249,184</u>
 <b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	 <u>(9,025,388)</u>	 <u>(9,025,388)</u>	 <u>(2,498,836)</u>	 <u>6,526,552</u>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	262,489	262,489	262,489	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>262,489</u>	<u>262,489</u>	<u>262,489</u>	<u>-</u>
 Net Change in Fund Balance	 (8,762,899)	 (8,762,899)	 (2,236,347)	 6,526,552
FUND BALANCE - BEGINNING	8,762,899	8,762,899	8,762,899	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,526,552</u>	<u>\$ 6,526,552</u>

(Concluded)

KNOX COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>HIGHWAY BRIDGE BUYBACK FUND</u></b>				
Receipts	\$ 316,245	\$ 316,245	\$ 316,245	\$ -
Disbursements	(722,893)	(722,893)	(346,216)	376,677
Net Change in Fund Balance	(406,648)	(406,648)	(29,971)	376,677
Fund Balance - Beginning	406,648	406,648	406,648	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,677</u>	<u>\$ 376,677</u>
<b><u>CHILD SUPPORT FUND</u></b>				
Receipts	\$ 28,000	\$ 28,000	\$ 25,572	\$ (2,428)
Disbursements	(114,135)	(114,135)	(20,306)	93,829
Net Change in Fund Balance	(86,135)	(86,135)	5,266	91,401
Fund Balance - Beginning	86,135	86,135	86,135	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,401</u>	<u>\$ 91,401</u>
<b><u>VISITORS PROMOTION FUND</u></b>				
Receipts	\$ 23,680	\$ 23,680	\$ 21,779	\$ (1,901)
Disbursements	(32,762)	(32,762)	(15,837)	16,925
Net Change in Fund Balance	(9,082)	(9,082)	5,942	15,024
Fund Balance - Beginning	9,082	9,082	9,082	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,024</u>	<u>\$ 15,024</u>
<b><u>VISITORS IMPROVEMENT FUND</u></b>				
Receipts	\$ 29,000	\$ 29,000	\$ 21,779	\$ (7,221)
Disbursements	(152,130)	(152,130)	(18,308)	133,822
Net Change in Fund Balance	(123,130)	(123,130)	3,471	126,601
Fund Balance - Beginning	123,130	123,130	123,130	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,601</u>	<u>\$ 126,601</u>
<b><u>REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND</u></b>				
Receipts	\$ 7,000	\$ 7,000	\$ 7,116	\$ 116
Disbursements	(21,629)	(21,629)	(3,824)	17,805
Net Change in Fund Balance	(14,629)	(14,629)	3,292	17,921
Fund Balance - Beginning	14,629	14,629	14,629	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,921</u>	<u>\$ 17,921</u>

(Continued)

KNOX COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COUNTY INSURANCE FUND</b>				
Receipts	\$ 250	\$ 250	\$ 257	\$ 7
Disbursements	(77,322)	(77,322)	(8,417)	68,905
Net Change in Fund Balance	(77,072)	(77,072)	(8,160)	68,912
Fund Balance - Beginning	77,072	77,072	77,072	-
Fund Balance - Ending	\$ -	\$ -	\$ 68,912	\$ 68,912
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,500)	(4,500)	-	4,500
Transfers in	3,500	3,500	3,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,000)	(1,000)	3,500	4,500
Fund Balance - Beginning	1,000	1,000	1,000	-
Fund Balance - Ending	\$ -	\$ -	\$ 4,500	\$ 4,500
<b>STOP PROGRAM FUND</b>				
Receipts	\$ 800	\$ 800	\$ 200	\$ (600)
Disbursements	(4,088)	(4,088)	(3,488)	600
Net Change in Fund Balance	(3,288)	(3,288)	(3,288)	-
Fund Balance - Beginning	3,288	3,288	3,288	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
<b>DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(1,493)	(1,493)	(1,055)	438
Net Change in Fund Balance	(1,493)	(1,493)	(1,055)	438
Fund Balance - Beginning	1,493	1,493	1,493	-
Fund Balance - Ending	\$ -	\$ -	\$ 438	\$ 438
<b>ECONOMIC DEVELOPMENT FUND</b>				
Receipts	\$ 101,000	\$ 101,000	\$ 144,339	\$ 43,339
Disbursements	(704,336)	(704,336)	(260,832)	443,504
Net Change in Fund Balance	(603,336)	(603,336)	(116,493)	486,843
Fund Balance - Beginning	603,336	603,336	603,336	-
Fund Balance - Ending	\$ -	\$ -	\$ 486,843	\$ 486,843

**KNOX COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COMMUNITY DEVELOPMENT FUND</b>				
Receipts	\$ 59,500	\$ 59,500	\$ 45,198	\$ (14,302)
Disbursements	(206,950)	(206,950)	(86,253)	120,697
Transfers in	42,075	42,075	42,075	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(105,375)	(105,375)	1,020	106,395
Fund Balance - Beginning	105,375	105,375	105,375	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,395</u>	<u>\$ 106,395</u>
<b>911 EMERGENCY FUND</b>				
Receipts	\$ 32,000	\$ 32,000	\$ 37,801	\$ 5,801
Disbursements	(27,711)	(27,711)	(9,702)	18,009
Transfers in	-	-	-	-
Transfers out	(25,469)	(25,469)	(25,469)	-
Net Change in Fund Balance	(21,180)	(21,180)	2,630	23,810
Fund Balance - Beginning	21,180	21,180	21,180	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,810</u>	<u>\$ 23,810</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 53,023	\$ 53,023	\$ 53,024	\$ 1
Disbursements	(53,023)	(53,023)	(45,968)	7,055
Transfers in	-	-	-	-
Transfers out	(9,010)	(9,010)	(9,010)	-
Net Change in Fund Balance	(9,010)	(9,010)	(1,954)	7,056
Fund Balance - Beginning	9,010	9,010	9,010	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,056</u>	<u>\$ 7,056</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(80,098)	(80,098)	-	80,098
Transfers in	9,010	9,010	9,010	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(71,088)	(71,088)	9,010	80,098
Fund Balance - Beginning	71,088	71,088	71,088	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,098</u>	<u>\$ 80,098</u>

(Continued)

KNOX COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>SHERIFF COMMISSARY FUND</u></b>				
Receipts	\$ 6,000	\$ 6,000	\$ 2,321	\$ (3,679)
Disbursements	(16,353)	(16,353)	(1,616)	14,737
Net Change in Fund Balance	(10,353)	(10,353)	705	11,058
Fund Balance - Beginning	10,353	10,353	10,353	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,058</u>	<u>\$ 11,058</u>

(Concluded)

KNOX COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	Highway Bridge Buyback Fund	Child Support Fund	Visitors Promotion Fund	Visitors Improvement Fund
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ 21,779	\$ 21,779
Investment Income	-	-	-	-
Intergovernmental	316,245	25,572	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>316,245</u>	<u>25,572</u>	<u>21,779</u>	<u>21,779</u>
<b>DISBURSEMENTS</b>				
General Government	-	20,306	-	-
Public Safety	-	-	-	-
Public Works	346,216	-	-	-
Culture and Recreation	-	-	15,837	18,308
<b>TOTAL DISBURSEMENTS</b>	<u>346,216</u>	<u>20,306</u>	<u>15,837</u>	<u>18,308</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(29,971)</u>	<u>5,266</u>	<u>5,942</u>	<u>3,471</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(29,971)	5,266	5,942	3,471
<b>FUND BALANCES - BEGINNING</b>	<u>406,648</u>	<u>86,135</u>	<u>9,082</u>	<u>123,130</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 376,677</u>	<u>\$ 91,401</u>	<u>\$ 15,024</u>	<u>\$ 126,601</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	15,024	126,601
911 Emergency Services	-	-	-	-
Preservation of Records	-	-	-	-
Child Support Enforcement	-	91,401	-	-
Road Maintenance	376,677	-	-	-
Aid and Assistance	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
County Insurance	-	-	-	-
Economic Development	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 376,677</u>	<u>\$ 91,401</u>	<u>\$ 15,024</u>	<u>\$ 126,601</u>

(Continued)

KNOX COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	Register of Deeds Preservation and Modernization Fund	County Insurance Fund	Veterans' Aid Fund	STOP Program Fund
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Investment Income	-	257	-	-
Intergovernmental	-	-	-	-
Charges for Services	7,116	-	-	200
Miscellaneous	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>7,116</u>	<u>257</u>	<u>-</u>	<u>200</u>
<b>DISBURSEMENTS</b>				
General Government	3,824	8,417	-	-
Public Safety	-	-	-	3,488
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,824</u>	<u>8,417</u>	<u>-</u>	<u>3,488</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>3,292</u>	<u>(8,160)</u>	<u>-</u>	<u>(3,288)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	3,500	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>
Net Change in Fund Balances	3,292	(8,160)	3,500	(3,288)
<b>FUND BALANCES - BEGINNING</b>	<u>14,629</u>	<u>77,072</u>	<u>1,000</u>	<u>3,288</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 17,921</u>	<u>\$ 68,912</u>	<u>\$ 4,500</u>	<u>\$ -</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	-
Preservation of Records	17,921	-	-	-
Child Support Enforcement	-	-	-	-
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	4,500	-
Committed to:				
Law Enforcement	-	-	-	-
County Insurance	-	68,912	-	-
Economic Development	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 17,921</u>	<u>\$ 68,912</u>	<u>\$ 4,500</u>	<u>\$ -</u>

(Continued)

KNOX COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	Drug Law Enforcement Fund	Economic Development Fund	Community Development Fund	911 Emergency Fund
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ 13,752	\$ 37,801
Investment Income	-	6,080	-	-
Intergovernmental	-	-	29,176	-
Charges for Services	-	-	-	-
Miscellaneous	-	138,259	2,270	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>144,339</u>	<u>45,198</u>	<u>37,801</u>
<b>DISBURSEMENTS</b>				
General Government	-	260,832	86,253	-
Public Safety	1,055	-	-	9,702
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>1,055</u>	<u>260,832</u>	<u>86,253</u>	<u>9,702</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,055)</u>	<u>(116,493)</u>	<u>(41,055)</u>	<u>28,099</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	42,075	-
Transfers out	-	-	-	(25,469)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>42,075</u>	<u>(25,469)</u>
Net Change in Fund Balances	(1,055)	(116,493)	1,020	2,630
<b>FUND BALANCES - BEGINNING</b>	<u>1,493</u>	<u>603,336</u>	<u>105,375</u>	<u>21,180</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 438</u>	<u>\$ 486,843</u>	<u>\$ 106,395</u>	<u>\$ 23,810</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	23,810
Preservation of Records	-	-	-	-
Child Support Enforcement	-	-	-	-
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	-	-
Committed to:				
Law Enforcement	438	-	-	-
County Insurance	-	-	-	-
Economic Development	-	486,843	106,395	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 438</u>	<u>\$ 486,843</u>	<u>\$ 106,395</u>	<u>\$ 23,810</u>

(Continued)

KNOX COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2020

	911 Wireless Service Fund	911 Wireless Service Holding Fund	Sheriff Commissary Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 53,024	\$ -	\$ -	\$ 148,135
Investment Income	-	-	-	6,337
Intergovernmental	-	-	-	370,993
Charges for Services	-	-	2,321	9,637
Miscellaneous	-	-	-	140,529
<b>TOTAL RECEIPTS</b>	<u>53,024</u>	<u>-</u>	<u>2,321</u>	<u>675,631</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	379,632
Public Safety	45,968	-	1,616	61,829
Public Works	-	-	-	346,216
Culture and Recreation	-	-	-	34,145
<b>TOTAL DISBURSEMENTS</b>	<u>45,968</u>	<u>-</u>	<u>1,616</u>	<u>821,822</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>7,056</u>	<u>-</u>	<u>705</u>	<u>(146,191)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	9,010	-	54,585
Transfers out	(9,010)	-	-	(34,479)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(9,010)</u>	<u>9,010</u>	<u>-</u>	<u>20,106</u>
Net Change in Fund Balances	(1,954)	9,010	705	(126,085)
<b>FUND BALANCES - BEGINNING</b>	<u>9,010</u>	<u>71,088</u>	<u>10,353</u>	<u>1,542,819</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 7,056</u>	<u>\$ 80,098</u>	<u>\$ 11,058</u>	<u>\$ 1,416,734</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	141,625
911 Emergency Services	7,056	80,098	-	110,964
Preservation of Records	-	-	-	17,921
Child Support Enforcement	-	-	-	91,401
Road Maintenance	-	-	-	376,677
Aid and Assistance	-	-	-	4,500
Committed to:				
Law Enforcement	-	-	11,058	11,496
County Insurance	-	-	-	68,912
Economic Development	-	-	-	593,238
<b>TOTAL FUND BALANCES</b>	<u>\$ 7,056</u>	<u>\$ 80,098</u>	<u>\$ 11,058</u>	<u>\$ 1,416,734</u>

(Concluded)

**KNOX COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2020

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County KENO	County Planning and Zoning	Total
BALANCES JULY 1, 2019	\$ 1,116	\$ 11,634	\$ 267,404	\$ 7,011	\$ 18	\$ 4,655	\$ 7,122	\$ -	\$ 298,960
<b>RECEIPTS</b>									
Licenses and Permits	360	-	-	825	-	-	-	12,845	14,030
Charges for Services	859	84,674	10,577	22,835	270	-	-	-	119,215
Miscellaneous	34	-	-	-	-	-	11,380	-	11,414
State Fees	4,082	111,783	6,318	-	-	-	-	-	122,183
Other Liabilities	240	799	489,836	26,965	768	-	-	-	518,608
<b>TOTAL RECEIPTS</b>	<b>5,575</b>	<b>197,256</b>	<b>506,731</b>	<b>50,625</b>	<b>1,038</b>	<b>-</b>	<b>11,380</b>	<b>12,845</b>	<b>785,450</b>
<b>DISBURSEMENTS</b>									
Payments to County Treasurer	1,497	79,281	10,443	27,208	260	-	-	12,845	131,534
Payments to State Treasurer	4,279	101,813	7,023	-	-	-	-	-	113,115
Other Liabilities	374	799	725,058	23,567	768	492	8,267	-	759,325
<b>TOTAL DISBURSEMENTS</b>	<b>6,150</b>	<b>181,893</b>	<b>742,524</b>	<b>50,775</b>	<b>1,028</b>	<b>492</b>	<b>8,267</b>	<b>12,845</b>	<b>1,003,974</b>
BALANCES JUNE 30, 2020	<u>\$ 541</u>	<u>\$ 26,997</u>	<u>\$ 31,611</u>	<u>\$ 6,861</u>	<u>\$ 28</u>	<u>\$ 4,163</u>	<u>\$ 10,235</u>	<u>\$ -</u>	<u>\$ 80,436</u>
<b>BALANCES CONSIST OF:</b>									
Due to County Treasurer	\$ 77	\$ 10,839	\$ 548	\$ 5,591	\$ 10	\$ 4,163	\$ 10,235	\$ -	\$ 31,463
Petty Cash	50	-	-	-	-	-	-	-	50
Due to State Treasurer	414	16,158	389	-	-	-	-	-	16,961
Due to Others	-	-	30,674	1,270	18	-	-	-	31,962
BALANCES JUNE 30, 2020	<u>\$ 541</u>	<u>\$ 26,997</u>	<u>\$ 31,611</u>	<u>\$ 6,861</u>	<u>\$ 28</u>	<u>\$ 4,163</u>	<u>\$ 10,235</u>	<u>\$ -</u>	<u>\$ 80,436</u>

**KNOX COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2020

Item	2015	2016	2017	2018	2019
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 19,737,891	\$ 21,104,185	\$ 21,579,186	\$ 22,097,883	\$ 22,904,454
Personal and Specials	1,246,685	1,061,238	988,051	932,194	1,300,894
<b>Total</b>	<b>20,984,576</b>	<b>22,165,423</b>	<b>22,567,237</b>	<b>23,030,077</b>	<b>24,205,348</b>
<b>Corrections</b>					
Additions	31,383	21,774	23,094	22,432	1,581
Deductions	(1,123)	(6,327)	(572)	(2,273)	(38,872)
Net Additions/ (Deductions)	30,260	15,447	22,522	20,159	(37,291)
<b>Corrected Certified Tax</b>	<b>21,014,836</b>	<b>22,180,870</b>	<b>22,589,759</b>	<b>23,050,236</b>	<b>24,168,057</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2016	13,733,937	-	-	-	-
June 30, 2017	7,263,352	14,676,224	-	-	-
June 30, 2018	4,603	7,482,308	14,857,412	-	-
June 30, 2019	1,273	4,864	7,705,285	14,908,468	-
June 30, 2020	11,323	16,961	26,531	8,140,997	15,868,701
<b>Total Net Collections</b>	<b>21,014,488</b>	<b>22,180,357</b>	<b>22,589,228</b>	<b>23,049,465</b>	<b>15,868,701</b>
<b>Total Uncollected Tax</b>	<b>\$ 348</b>	<b>\$ 513</b>	<b>\$ 531</b>	<b>\$ 771</b>	<b>\$ 8,299,356</b>
<b>Percentage Uncollected Tax</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>34.34%</b>

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



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Supervisors  
Knox County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Knox County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Knox County's basic financial statements, and have issued our report thereon dated October 6, 2020. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

### **Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

**Additional Items**

We also noted certain matters that we reported to the management of Knox County in a separate letter dated October 6, 2020.

**Knox County's Response to Findings**

Knox County declined to respond to the finding described above.

**Purpose of this Report**

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



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

October 6, 2020



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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October 6, 2020

Board of Supervisors  
Knox County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Knox County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated October 6, 2020. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

## **COUNTY OVERALL**

### **Segregation of Duties**

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

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

This was also noted in prior audits.

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

## **COUNTY BOARD**

### **Claim Documentation**

During the audit, we noted the following regarding claims approved by the County Board:

#### ***Duplicate Payment***

We noted that two claims, each for \$150, were duplicate payments for the purchase of Criminal and Traffic Law manuals by the County Attorney. The duplicate payments are detailed below.

		Original Claim		Duplicate Claim	
Payee	Amount	Date	Claim #	Date	Claim #
Blue 360 Media	\$ 150	3/12/2020	20030006	4/9/2020	20040004

**Prepayment**

We noted claim 20060200, dated June 25, 2020, contained a prepayment of \$100,000 for future services by Jebro Inc. The County indicated that this procedure is done each year and is used to apply this balance to invoices as services are performed.

Neb. Rev. Stat. § 23-135 (Reissue 2012) states, in relevant part, the following:

*(1) All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed, except that (a) the fees of jurors serving in the district courts shall be paid as provided for in section 23-131, (b) payment may be approved as provided in subsection (2) of this section, and (c) payments may be made as provided in subsection (3) of this section . . . .*

\* \* \* \*

*(3) The county board may pay in advance of services being rendered if it is pursuant to a contract entered into with the state. Such contract shall meet the requirements of the Interlocal Cooperation Act.*

Good internal controls and sound accounting practices require procedures to ensure that invoices are paid only once, and any duplicate payments are resolved in a timely manner. Those same procedures should ensure also that prepayments for services are made in strict compliance with State statute.

Without such procedures, there is an increased risk for both the loss and/or misuse of County funds and noncompliance with Nebraska law.

We recommend the County Board implement procedures to ensure the following:

- 1) invoices are paid only once, and any duplicate payments are resolved in a timely manner; and 2) prepayments for services are made in strict compliance with State statute.

**COUNTY SHERIFF**

**Accounting Procedures**

During the audit, we noted the following issues with the County Sheriff’s accounting procedures at June 30, 2020:

- A book balance and list of outstanding checks was not maintained for the fee account and, therefore, accurate monthly reconciliations were not performed.
- Monthly asset-to-liability reconciliation procedures were not performed for two bank accounts, resulting in the bond account having a long of \$224 and the fee account having a shortage of \$3,011. These issues were also identified during the prior year audit.

The shortage in the fee account appears to be partially due to the following:

- An accurate listing of accounts receivable and accounts payable not being maintained.
- County District Court and County Court service fees from previous years were not claimed to the County Board.

Due to the shortage in the fee account, the County Sheriff was not remitting mileage service fees to the County Treasurer, totaling \$4,773, in a timely manner. Mileage fees received during the fiscal year were remitted 104 to 178 days after being earned.

Sound accounting practices and good internal controls require procedures to ensure adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Such procedures should include also the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Additionally, sound accounting practices require procedures to ensure the timely remittance of all earned fees to the County Treasurer.

A lack of such procedures increases the risk of loss, theft, or misuse of County funds and allows errors to go undetected more easily.

We recommend the County Sheriff implement monthly fund-balancing procedures to ensure the performance of regular bank and asset-to-liability reconciliations. Additionally, we recommend the County Sheriff implement procedures to ensure adequate listings of all fees earned and accounts receivable and accounts payable balances are maintained. Lastly, we recommend the County Sheriff remit all earned mileage service fees timely, at least quarterly.

\* \* \* \* \*

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

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

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

Sincerely,



Deann Haeffner, CPA  
Assistant Deputy Auditor