

**AUDIT REPORT  
OF  
BOONE COUNTY**

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

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**Issued on April 12, 2021**

BOONE COUNTY

TABLE OF CONTENTS

	<u>Page</u>
<b>List of County Officials</b>	1
<b>Financial Section</b>	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Basis Net Position - Fiduciary Funds	9
Notes to Financial Statements	10 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21 - 22
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	23 - 25
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	26 - 27
Schedule of Office Activities	28
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	29
<b>Government Auditing Standards Section</b>	
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 <i>Government Auditing Standards</i>	30 - 31

BOONE COUNTY  
222 S. 4<sup>th</sup> Street  
Albion, NE 68620-1247

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

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Alan Rasmussen Ben Rutten Larry Temme	Jan. 2021 Jan. 2023 Jan. 2023
Assessor	Barb Hanson	Jan. 2023
Attorney	John Morgan	Jan. 2023
Clerk Election Commissioner Register of Deeds Clerk of the District Court	Kathy Thorberg	Jan. 2023
Sheriff	Denny Johnson	Jan. 2023
Surveyor	Christopher Hays	Jan. 2023
Treasurer	Laurie Krohn	Jan. 2023
Public Defender	Jeff Jarecki	Appointed
Veterans' Service Officer	Jacqueline Wells	Appointed
Weed Superintendent	Jack Nordeen	Appointed
Highway Superintendent	Stacey Ziemba	Appointed
Planning & Zoning	Mary Ziemba	Appointed
Emergency Manager	Denise Ziemba	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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BOONE COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Boone 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 Boone County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, 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 audit opinions.

## Summary of Opinions

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

### **Basis for Adverse Opinion on the Discretely Presented Component Unit**

The financial statements do not include financial data for the County’s legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the County’s primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Boone County, as of June 30, 2020, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to previously 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 Boone 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.

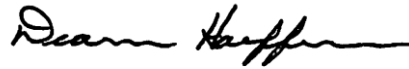
### **Report on Supplementary Information**

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 19-29, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of Boone 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* and considering Boone County’s internal control over financial reporting and compliance.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

March 30, 2021

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 17,792,110
<b>TOTAL ASSETS</b>	<b>\$ 17,792,110</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 42,687
911 Emergency Services	323,868
Preservation of Records	21,799
Debt Service	560,851
Bridge and Road Projects	639,553
Aid and Assistance	79,551
Fair Building	342,675
Unrestricted	15,781,126
<b>TOTAL NET POSITION</b>	<b>\$ 17,792,110</b>

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

BOONE 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	\$ (1,833,597)	\$ 312,006	\$ 28,907	\$ (1,492,684)
Public Safety	(1,232,929)	120,571	338	(1,112,020)
Public Works	(4,917,030)	1,201	1,918,005	(2,997,824)
Public Assistance	(88,137)	-	-	(88,137)
Culture and Recreation	(170,928)	-	-	(170,928)
Debt Payments	(265,834)	-	-	(265,834)
Capital Outlay	(1,489,153)	-	-	(1,489,153)
Total Governmental Activities	<u>\$ (9,997,608)</u>	<u>\$ 433,778</u>	<u>\$ 1,947,250</u>	<u>(7,616,580)</u>

General Receipts:

Property Taxes	5,172,652
Grants and Contributions Not Restricted to Specific Programs	912,673
Investment Income	250,303
Licenses and Permits	33,510
Bond Proceeds	4,935,500
Miscellaneous	632,860
Total General Receipts	<u>11,937,498</u>
Increase in Net Position	4,320,918
Net Position - Beginning of year	13,471,192
Net Position - End of year	<u>\$ 17,792,110</u>

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



BOONE 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>Highway Allocation Bond Repay Fund</u>	<u>Fair Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and Cash Equivalents (Note 1.D)	\$ 2,033,013	\$ 7,176,951	\$ 6,297,131	\$ 21,104	\$ 342,675	\$ 1,921,236	\$ 17,792,110
<b>TOTAL ASSETS</b>	<u>\$ 2,033,013</u>	<u>\$ 7,176,951</u>	<u>\$ 6,297,131</u>	<u>\$ 21,104</u>	<u>\$ 342,675</u>	<u>\$ 1,921,236</u>	<u>\$ 17,792,110</u>
<b>FUND BALANCES</b>							
Restricted for:							
Visitor Promotion	-	-	-	-	-	42,687	42,687
911 Emergency Services	-	-	-	-	-	323,868	323,868
Preservation of Records	-	-	-	-	-	21,799	21,799
Debt Service	-	-	-	21,104	-	539,747	560,851
Bridge and Road Projects	-	-	-	-	-	639,553	639,553
Aid and Assistance	-	-	-	-	-	79,551	79,551
Fair Building	-	-	-	-	342,675	-	342,675
Committed to:							
Road Maintenance	-	7,176,951	-	-	-	-	7,176,951
Emergency Services	-	-	-	-	-	274,031	274,031
Assigned to:							
Other Purposes	-	-	6,297,131	-	-	-	6,297,131
Unassigned	2,033,013	-	-	-	-	-	2,033,013
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 2,033,013</u>	<u>\$ 7,176,951</u>	<u>\$ 6,297,131</u>	<u>\$ 21,104</u>	<u>\$ 342,675</u>	<u>\$ 1,921,236</u>	<u>\$ 17,792,110</u>

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

**BOONE 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	Highway Allocation Bond Repay Fund	Fair Building Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property Taxes	\$3,891,165	\$ -	\$ 1,160,406	\$ -	\$ -	\$ 121,081	\$ 5,172,652
Licenses and Permits	32,210	1,300	-	-	-	-	33,510
Investment Income	207,987	-	-	35,017	-	7,299	250,303
Intergovernmental	938,590	1,746,805	-	-	-	174,528	2,859,923
Charges for Services	333,409	1,201	-	-	-	99,168	433,778
Miscellaneous	77,732	41,342	-	4,935,500	-	513,786	5,568,360
<b>TOTAL RECEIPTS</b>	<b>5,481,093</b>	<b>1,790,648</b>	<b>1,160,406</b>	<b>4,970,517</b>	<b>-</b>	<b>915,862</b>	<b>14,318,526</b>
<b>DISBURSEMENTS</b>							
General Government	1,828,244	-	5,010	-	-	343	1,833,597
Public Safety	858,747	-	260,600	-	-	113,582	1,232,929
Public Works	2,676	4,836,009	-	-	-	78,345	4,917,030
Public Assistance	86,137	-	-	-	-	2,000	88,137
Culture and Recreation	-	-	163,500	-	-	7,428	170,928
Debt Service:							
Principal Payments	-	-	-	-	-	135,000	135,000
Interest and Fiscal Charges	-	-	-	48,896	-	81,938	130,834
Capital Outlay	-	-	-	-	1,489,153	-	1,489,153
<b>TOTAL DISBURSEMENTS</b>	<b>2,775,804</b>	<b>4,836,009</b>	<b>429,110</b>	<b>48,896</b>	<b>1,489,153</b>	<b>418,636</b>	<b>9,997,608</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>2,705,289</b>	<b>(3,045,361)</b>	<b>731,296</b>	<b>4,921,621</b>	<b>(1,489,153)</b>	<b>497,226</b>	<b>4,320,918</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	99,605	7,780,772	-	70,000	-	-	7,950,377
Transfers out	(2,845,272)	(70,000)	-	(4,970,517)	-	(64,588)	(7,950,377)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,745,667)</b>	<b>7,710,772</b>	<b>-</b>	<b>(4,900,517)</b>	<b>-</b>	<b>(64,588)</b>	<b>-</b>
Net Change in Fund Balances	(40,378)	4,665,411	731,296	21,104	(1,489,153)	432,638	4,320,918
<b>CASH BASIS FUND BALANCES - BEGINNING</b>							
	2,073,391	2,511,540	5,565,835	-	1,831,828	1,488,598	13,471,192
<b>CASH BASIS FUND BALANCES - ENDING</b>							
	<u>\$2,033,013</u>	<u>\$ 7,176,951</u>	<u>\$ 6,297,131</u>	<u>\$ 21,104</u>	<u>\$ 342,675</u>	<u>\$ 1,921,236</u>	<u>\$ 17,792,110</u>

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

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

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 611,954
 <b>LIABILITIES</b>	
Due to other governments	
State	222,424
Schools	121,252
Educational Service Units	1,790
Technical College	11,236
Natural Resource Districts	4,331
Fire Districts	2,028
Municipalities	18,109
Agricultural Society	619
Historical Society	69
Airport Authority	17,260
District Court Trust	161,269
Others	51,567
<b>TOTAL LIABILITIES</b>	<b>611,954</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

## BOONE 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 Boone County.

##### **A. Reporting Entity**

Boone 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.

**Component Unit.** These financial statements present the County (the primary government). The Boone County Medical Center (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

##### **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 \$33,682 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 East 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).

BOONE 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) (Cum. Supp. 2020). Financial information for the Department is available in that report.

**B. Basis of Presentation**

**Government-Wide Financial Statements.** The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities and the Hospital. 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 County is reported separately from certain legally separate component units for which the primary government is financially accountable. 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.

**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.

BOONE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

**Highway Allocation Bond Repay Fund.** This fund is used to account for costs associated with the payment of the Highway Allocation Bond and is primarily funded with transfers from the Road Fund.

**Fair Building Fund.** This fund is used to account for capital project costs associated with a new agricultural and educational activity building and is primarily funded with bond proceeds.

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are

BOONE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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 \$2,010,984 of restricted net position, which is fully restricted by enabling legislation.

BOONE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

**Excess of Disbursements Over Appropriations.** For the year ended June 30, 2020, disbursements exceeded budgeted appropriations in the Highway Allocation Bond Repay Fund by \$4,949,413. These over-expenditures were funded by the available fund balance in the Fund.

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 \$17,792,110 for County funds and \$611,954 for Fiduciary funds. The bank balances for all funds totaled \$18,578,536. 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.

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 \$.176883/\$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 \$.153638/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.



BOONE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2020) 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, 60 employees contributed \$90,855, and the County contributed \$135,263. Contributions included \$2,040 in cash contributions towards the supplemental law enforcement plan for four law enforcement employees. Lastly, the County paid \$1,260 directly to nine retired employees for prior service benefits.

5. **Risk Management**

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

BOONE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. Risk Management** (Concluded)

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

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

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

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

**6. Interfund Transfers**

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

	Transfers from				
	General Fund	Road Fund	Highway Allocation Bond Repay	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 35,017	\$ 64,588	\$ 99,605
Road Fund	2,845,272	-	4,935,500	-	7,780,772
Highway Allocation Bond Repay Fund	-	70,000	-	-	70,000
Total	\$ 2,845,272	\$ 70,000	\$ 4,970,517	\$ 64,588	\$ 7,950,377

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

In the year ended June 30, 2020, the County made a one-time transfer of \$70,000 from the Road Fund to the Highway Allocation Bond Repay Fund to assist in making a bond payment for the Highway Allocation Bonds. In addition, the County made one-time transfers from the Highway Allocation Bond Repay Fund to the General Fund and Road Fund, totaling \$35,017 and \$4,935,500, respectively, to move the interest and bond proceeds to the correct funds. Lastly, the County made a one-time transfer from the 911 Wireless Service Fund to the General Fund, totaling \$64,588, for reimbursement of 911 dispatching salaries.

BOONE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7. Contingent Liabilities**

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

**8. Long-Term Debt**

**Fair Bond.** The County issued bonds on September 27, 2018, in the amount of \$2,000,000 for the purpose of paying the costs of constructing, equipping, and making site preparations for a building to be used as an agricultural and educational activities building. The bond payable balance, as of June 30, 2020, was \$1,865,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. The County has entered into an agreement with the Nebraska Community Foundation to provide funding to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2021	\$ 165,000	\$ 49,348	\$ 214,348
2022	170,000	45,702	215,702
2023	175,000	41,734	216,734
2024	180,000	37,427	217,427
2025	180,000	32,793	212,793
2026-2030	995,000	79,829	1,074,829
Total Payments	<u>\$ 1,865,000</u>	<u>\$ 286,833</u>	<u>\$ 2,151,833</u>

**Road Bond.** The County issued bonds on November 21, 2019, in the amount of \$5,000,000 for the purpose of paying the costs of constructing and reconstructing certain road improvements in the County related to extreme flooding during March 2019. The bond payable balance, as of June 30, 2020, was \$5,000,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources and highway allocation funds will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2021	\$ 680,000	\$ 81,018	\$ 761,018
2022	690,000	70,227	760,227
2023	700,000	58,933	758,933
2024	715,000	47,080	762,080
2025	725,000	34,659	759,659
2026-2027	1,490,000	28,782	1,518,782
Total Payments	<u>\$ 5,000,000</u>	<u>\$ 320,699</u>	<u>\$ 5,320,699</u>

**Hospital Loan.** The Hospital entered into a Construction Loan Note Series 2019 with Western Alliance Bank, in an amount not to exceed \$29,023,000 for the purpose of paying costs related to the construction and renovation of the existing hospital facility. Total loan draws as of September 30, 2020, amounted to \$2,515,894. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of the loan; however, it is the intent of the Hospital and County Board to use proceeds from a permanent USDA direct and guaranteed loans. Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

BOONE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Concluded)

**9. Beginning Fund Balances**

The beginning fund balance of the Fair Building Fund was decreased by \$38,500 from the ending balances reported in the County's fiscal year 2019 audit report. This adjustment was made to correct prior year errors and agree balances to the County Treasurer's records.

**BOONE 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	\$4,609,185	\$4,609,185	\$ 3,891,165	\$ (718,020)
Licenses and Permits	25,715	25,715	32,210	6,495
Interest	150,160	150,160	207,987	57,827
Intergovernmental	331,667	331,667	938,590	606,923
Charges for Services	287,580	287,580	333,409	45,829
Miscellaneous	23,200	23,200	77,732	54,532
TOTAL RECEIPTS	<u>5,427,507</u>	<u>5,427,507</u>	<u>5,481,093</u>	<u>53,586</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	80,350	80,350	75,222	5,128
County Clerk	135,412	135,412	111,350	24,062
County Treasurer	143,930	143,930	140,566	3,364
County Assessor	157,842	157,842	134,435	23,407
Election Commissioner	42,000	42,000	22,144	19,856
Building and Zoning	40,186	40,186	39,446	740
Judicial	86,000	86,000	11,880	74,120
Clerk of the District Court	36,127	36,127	29,223	6,904
County Court System	10,000	10,000	2,238	7,762
District Judge	1,000	1,000	572	428
Public Defender	110,000	110,000	56,534	53,466
Building and Grounds	95,410	95,410	80,975	14,435
Reappraisal	118,504	118,504	118,504	-
Agricultural Extension Agent	62,218	62,218	62,178	40
County Building - Annex	51,000	51,000	20,168	30,832
Grants - Reimbursable	13,800	13,800	-	13,800
Miscellaneous	1,162,813	1,162,813	922,809	240,004
Public Safety				
County Sheriff	635,485	635,485	590,728	44,757
County Attorney	101,238	101,238	93,964	7,274
Communications	83,849	83,849	75,862	7,987
County Jail	86,650	86,650	71,970	14,680
Emergency Management	40,272	40,272	20,879	19,393
Diversion Program	5,913	5,913	2,496	3,417
Emergency & Protective Services	48,000	48,000	-	48,000
Emergency Equipment	41,000	41,000	2,848	38,152
Public Works				
County Surveyor	30,000	30,000	2,676	27,324
Public Assistance				
Veterans' Service Officer	54,459	54,459	43,575	10,884
Institutions	60,440	60,440	39,172	21,268
County Relief & Assistance	30,000	30,000	3,390	26,610
TOTAL DISBURSEMENTS	<u>3,563,898</u>	<u>3,563,898</u>	<u>2,775,804</u>	<u>788,094</u>

**BOONE 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>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	1,863,609	1,863,609	2,705,289	841,680
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	64,000	64,000	99,605	35,605
Transfers out	(3,100,000)	(3,100,000)	(2,845,272)	254,728
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(3,036,000)	(3,036,000)	(2,745,667)	290,333
Net Change in Fund Balance	(1,172,391)	(1,172,391)	(40,378)	1,132,013
<b>FUND BALANCE - BEGINNING</b>	2,073,391	2,073,391	2,073,391	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 901,000</u>	<u>\$ 901,000</u>	<u>\$ 2,033,013</u>	<u>\$ 1,132,013</u>

(Concluded)

**BOONE 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>				
Licenses and Permits	\$ 1,500	\$ 1,500	\$ 1,300	\$ (200)
Intergovernmental	1,664,193	1,664,193	1,746,805	82,612
Charges for Services	500	500	1,201	701
Miscellaneous	4,838,000	4,838,000	41,342	(4,796,658)
<b>TOTAL RECEIPTS</b>	<b>6,504,193</b>	<b>6,504,193</b>	<b>1,790,648</b>	<b>(4,713,545)</b>
<b>DISBURSEMENTS</b>	<b>13,273,320</b>	<b>13,273,320</b>	<b>4,836,009</b>	<b>8,437,311</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(6,769,127)</b>	<b>(6,769,127)</b>	<b>(3,045,361)</b>	<b>3,723,766</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,100,000	5,100,000	7,780,772	2,680,772
Transfers out	(70,000)	(70,000)	(70,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,030,000</b>	<b>5,030,000</b>	<b>7,710,772</b>	<b>2,680,772</b>
Net Change in Fund Balance	(1,739,127)	(1,739,127)	4,665,411	6,404,538
<b>FUND BALANCE - BEGINNING</b>	<b>2,511,540</b>	<b>2,511,540</b>	<b>2,511,540</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 772,413</b>	<b>\$ 772,413</b>	<b>\$ 7,176,951</b>	<b>\$ 6,404,538</b>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 500,200	\$ 500,200	\$ 1,160,406	\$ 660,206
<b>TOTAL RECEIPTS</b>	<b>500,200</b>	<b>500,200</b>	<b>1,160,406</b>	<b>660,206</b>
<b>DISBURSEMENTS</b>	<b>4,066,035</b>	<b>4,066,035</b>	<b>429,110</b>	<b>3,636,925</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(3,565,835)</b>	<b>(3,565,835)</b>	<b>731,296</b>	<b>4,297,131</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(2,000,000)	(2,000,000)	-	2,000,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>	<b>-</b>	<b>2,000,000</b>
Net Change in Fund Balance	(5,565,835)	(5,565,835)	731,296	6,297,131
<b>FUND BALANCE - BEGINNING</b>	<b>5,565,835</b>	<b>5,565,835</b>	<b>5,565,835</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,297,131</b>	<b>\$ 6,297,131</b>

(Continued)

**BOONE 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>HIGHWAY ALLOCATION BOND REPAY FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 35,017	\$ 35,017
Miscellaneous	-	-	4,935,500	4,935,500
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>4,970,517</b>	<b>4,970,517</b>
<b>DISBURSEMENTS</b>	<b>70,000</b>	<b>70,000</b>	<b>48,896</b>	<b>21,104</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(70,000)</b>	<b>(70,000)</b>	<b>4,921,621</b>	<b>4,991,621</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	70,000	70,000	70,000	-
Transfers out	-	-	(4,970,517)	(4,970,517)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>70,000</b>	<b>70,000</b>	<b>(4,900,517)</b>	<b>(4,970,517)</b>
Net Change in Fund Balance	-	-	21,104	21,104
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,104</b>	<b>\$ 21,104</b>
<b>FAIR BUILDING FUND</b>				
<b>RECEIPTS</b>				
<b>TOTAL RECEIPTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DISBURSEMENTS</b>	<b>1,831,828</b>	<b>1,831,828</b>	<b>1,489,153</b>	<b>342,675</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,831,828)</b>	<b>(1,831,828)</b>	<b>(1,489,153)</b>	<b>342,675</b>
Net Change in Fund Balance	(1,831,828)	(1,831,828)	(1,489,153)	342,675
FUND BALANCE - BEGINNING	1,831,828	1,831,828	1,831,828	-
FUND BALANCE - ENDING	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 342,675</b>	<b>\$ 342,675</b>

(Concluded)



BOONE 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>HIGHWAY BRIDGE BUYBACK PROGRAM</b>				
<b>FUND</b>				
Receipts	\$ 173,806	\$ 173,806	\$ 173,807	\$ 1
Disbursements	(717,897)	(717,897)	(78,345)	639,552
Net Change in Fund Balance	(544,091)	(544,091)	95,462	639,553
Fund Balance - Beginning	544,091	544,091	544,091	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,553</u>	<u>\$ 639,553</u>
<b>VISITORS' PROMOTION FUND</b>				
Receipts	\$ 15,000	\$ 15,000	\$ 14,153	\$ (847)
Disbursements	(50,962)	(50,962)	(7,428)	43,534
Net Change in Fund Balance	(35,962)	(35,962)	6,725	42,687
Fund Balance - Beginning	35,962	35,962	35,962	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,687</u>	<u>\$ 42,687</u>
<b>PRESERVATION AND MODERNIZATION</b>				
<b>FUND</b>				
Receipts	\$ 4,000	\$ 4,000	\$ 5,450	\$ 1,450
Disbursements	(20,692)	(20,692)	(343)	20,349
Net Change in Fund Balance	(16,692)	(16,692)	5,107	21,799
Fund Balance - Beginning	16,692	16,692	16,692	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,799</u>	<u>\$ 21,799</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ 5,260	\$ 5,260	\$ 5,791	\$ 531
Disbursements	(80,560)	(80,560)	(2,000)	78,560
Net Change in Fund Balance	(75,300)	(75,300)	3,791	79,091
Fund Balance - Beginning	75,760	75,760	75,760	-
Fund Balance - Ending	<u>\$ 460</u>	<u>\$ 460</u>	<u>\$ 79,551</u>	<u>\$ 79,091</u>
<b>DRUG LAW ENFORCEMENT AND</b>				
<b>EDUCATION FUND</b>				
Receipts	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Disbursements	(2,000)	(2,000)	-	2,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE 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>FEDERAL GRANT FUND</b>				
Receipts	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Disbursements	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>911 EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ 20,000	\$ 20,000	\$ 17,236	\$ (2,764)
Disbursements	(159,734)	(159,734)	(10,353)	149,381
Net Change in Fund Balance	(139,734)	(139,734)	6,883	146,617
Fund Balance - Beginning	139,734	139,734	139,735	1
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,618</u>	<u>\$ 146,618</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 86,220	\$ 86,220	\$ 86,219	\$ (1)
Disbursements	(22,220)	(22,220)	(21,631)	589
Transfers in	-	-	-	-
Transfers out	(64,000)	(64,000)	(64,588)	(588)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ 92,288	\$ 92,288
Disbursements	(99,439)	(99,439)	(14,476)	84,963
Net Change in Fund Balance	(99,439)	(99,439)	77,812	177,251
Fund Balance - Beginning	99,439	99,439	99,438	(1)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,250</u>	<u>\$ 177,250</u>
<b>FAIR BOND FUND</b>				
Receipts	\$ 214,648	\$ 214,648	\$ 426,207	\$ 211,559
Disbursements	(545,126)	(545,126)	(216,938)	328,188
Net Change in Fund Balance	(330,478)	(330,478)	209,269	539,747
Fund Balance - Beginning	330,478	330,478	330,478	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,747</u>	<u>\$ 539,747</u>

(Continued)

BOONE 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>AMBULANCE FUND</b>				
Receipts	\$ 80,500	\$ 80,500	\$ 94,711	\$ 14,211
Disbursements	(326,942)	(326,942)	(67,122)	259,820
Net Change in Fund Balance	(246,442)	(246,442)	27,589	274,031
Fund Balance - Beginning	246,442	246,442	246,442	-
Fund Balance - Ending	\$ -	\$ -	\$ 274,031	\$ 274,031

(Concluded)

BOONE 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 Program Fund	Visitors' Promotion Fund	Preservation and Modernization Fund	Veterans' Aid Fund	911 Emergency Management Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 14,153	\$ -	\$ 3,473	\$ 17,236
Investment Income	-	-	-	1,092	-
Intergovernmental	173,807	-	-	721	-
Charges for Services	-	-	5,450	-	-
Miscellaneous	-	-	-	505	-
<b>TOTAL RECEIPTS</b>	<u>173,807</u>	<u>14,153</u>	<u>5,450</u>	<u>5,791</u>	<u>17,236</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	343	-	-
Public Safety	-	-	-	-	10,353
Public Works	78,345	-	-	-	-
Public Assistance	-	-	-	2,000	-
Culture and Recreation	-	7,428	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>78,345</u>	<u>7,428</u>	<u>343</u>	<u>2,000</u>	<u>10,353</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>95,462</u>	<u>6,725</u>	<u>5,107</u>	<u>3,791</u>	<u>6,883</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>	<u>-</u>
Net Change in Fund Balances	95,462	6,725	5,107	3,791	6,883
<b>FUND BALANCES - BEGINNING</b>	<u>544,091</u>	<u>35,962</u>	<u>16,692</u>	<u>75,760</u>	<u>139,735</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 639,553</u>	<u>\$ 42,687</u>	<u>\$ 21,799</u>	<u>\$ 79,551</u>	<u>\$ 146,618</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	42,687	-	-	-
911 Emergency Services	-	-	-	-	146,618
Preservation of Records	-	-	21,799	-	-
Debt Service	-	-	-	-	-
Bridge and Road Projects	639,553	-	-	-	-
Aid and Assistance	-	-	-	79,551	-
Committed to:					
Emergency Services	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 639,553</u>	<u>\$ 42,687</u>	<u>\$ 21,799</u>	<u>\$ 79,551</u>	<u>\$ 146,618</u>

(Continued)

BOONE 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	Fair Bond Fund	Ambulance Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 86,219	\$ -	\$ -	\$ -	\$ 121,081
Investment Income	-	-	6,207	-	7,299
Intergovernmental	-	-	-	-	174,528
Charges for Services	-	-	-	93,718	99,168
Miscellaneous	-	92,288	420,000	993	513,786
<b>TOTAL RECEIPTS</b>	<u>86,219</u>	<u>92,288</u>	<u>426,207</u>	<u>94,711</u>	<u>915,862</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	343
Public Safety	21,631	14,476	-	67,122	113,582
Public Works	-	-	-	-	78,345
Public Assistance	-	-	-	-	2,000
Culture and Recreation	-	-	-	-	7,428
Debt Service:					
Principal Payments	-	-	135,000	-	135,000
Interest and Fiscal Charges	-	-	81,938	-	81,938
<b>TOTAL DISBURSEMENTS</b>	<u>21,631</u>	<u>14,476</u>	<u>216,938</u>	<u>67,122</u>	<u>418,636</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>64,588</u>	<u>77,812</u>	<u>209,269</u>	<u>27,589</u>	<u>497,226</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(64,588)	-	-	-	(64,588)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(64,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,588)</u>
Net Change in Fund Balances	-	77,812	209,269	27,589	432,638
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>99,438</u>	<u>330,478</u>	<u>246,442</u>	<u>1,488,598</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 177,250</u>	<u>\$ 539,747</u>	<u>\$ 274,031</u>	<u>\$ 1,921,236</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	42,687
911 Emergency Services	-	177,250	-	-	323,868
Preservation of Records	-	-	-	-	21,799
Debt Service	-	-	539,747	-	539,747
Bridge and Road Projects	-	-	-	-	639,553
Aid and Assistance	-	-	-	-	79,551
Committed to:					
Emergency Services	-	-	-	274,031	274,031
<b>TOTAL FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 177,250</u>	<u>\$ 539,747</u>	<u>\$ 274,031</u>	<u>\$ 1,921,236</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Assessor	Veterans' Service Officer	County Planning and Zoning	County Treasurer	County Board	Total
BALANCES JULY 1, 2019	\$ 5,155	\$ 170,202	\$ 3,290	\$ 157	\$ -	\$ 2,358	\$ -	\$ 25	\$ 3,500	\$ 184,687
<b>RECEIPTS</b>										
Licenses and Permits	475	-	-	-	-	-	4,461	-	-	4,936
Intergovernmental	-	-	-	-	-	2,000	-	-	-	2,000
Charges for Services	85,923	6,331	24,615	340	403	-	-	-	-	117,612
Miscellaneous	25	-	3,016	-	-	2	-	-	-	3,043
State Fees	145,200	4,511	-	-	-	-	-	-	-	149,711
Other Liabilities	21	623,442	17,779	3,936	-	-	-	-	-	645,178
<b>TOTAL RECEIPTS</b>	<b>231,644</b>	<b>634,284</b>	<b>45,410</b>	<b>4,276</b>	<b>403</b>	<b>2,002</b>	<b>4,461</b>	<b>-</b>	<b>-</b>	<b>922,480</b>
<b>DISBURSEMENTS</b>										
Payments to County Treasurer	81,703	5,684	25,834	370	403	-	4,461	-	-	118,455
Payments to State Treasurer	141,312	4,349	-	-	-	-	-	-	-	145,661
Other Liabilities	21	631,182	15,872	3,589	-	3,231	-	-	-	653,895
<b>TOTAL DISBURSEMENTS</b>	<b>223,036</b>	<b>641,215</b>	<b>41,706</b>	<b>3,959</b>	<b>403</b>	<b>3,231</b>	<b>4,461</b>	<b>-</b>	<b>-</b>	<b>918,011</b>
BALANCES JUNE 30, 2020	<u>\$ 13,763</u>	<u>\$ 163,271</u>	<u>\$ 6,994</u>	<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 3,500</u>	<u>\$ 189,156</u>
<b>BALANCES CONSIST OF:</b>										
Due to County Treasurer	\$ 6,668	\$ 1,002	\$ 5,036	\$ 70	\$ -	\$ 1,129	\$ -	\$ -	\$ -	\$ 13,905
Petty Cash	25	1,000	51	-	-	-	-	25	3,500	4,601
Due to State Treasurer	7,070	378	-	-	-	-	-	-	-	7,448
Due to Others	-	160,891	1,907	404	-	-	-	-	-	163,202
BALANCES JUNE 30, 2020	<u>\$ 13,763</u>	<u>\$ 163,271</u>	<u>\$ 6,994</u>	<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 1,129</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 3,500</u>	<u>\$ 189,156</u>

**BOONE 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	\$ 17,125,525	\$ 17,390,570	\$ 17,634,188	\$ 18,502,032	\$ 19,294,029
Personal and Specials	1,055,022	922,412	811,712	798,085	765,223
<b>Total</b>	<b>18,180,547</b>	<b>18,312,982</b>	<b>18,445,900</b>	<b>19,300,117</b>	<b>20,059,252</b>
<b>Corrections</b>					
Additions	4,272	8,781	3,946	21,998	950
Deductions	(15,296)	(18,094)	(24,453)	(14,749)	(5,107)
Net Additions/ (Deductions)	(11,024)	(9,313)	(20,507)	7,249	(4,157)
<b>Corrected Certified Tax</b>	<b>18,169,523</b>	<b>18,303,669</b>	<b>18,425,393</b>	<b>19,307,366</b>	<b>20,055,095</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2016	11,958,293	-	-	-	-
June 30, 2017	6,205,758	12,116,658	-	-	-
June 30, 2018	3,118	6,188,822	12,337,229	-	-
June 30, 2019	1,498	(3,904)	6,069,770	12,657,864	-
June 30, 2020	247	1,023	16,093	6,645,673	13,022,832
<b>Total Net Collections</b>	<b>18,168,914</b>	<b>18,302,599</b>	<b>18,423,092</b>	<b>19,303,537</b>	<b>13,022,832</b>
<b>Total Uncollected Tax</b>	<b>\$ 609</b>	<b>\$ 1,070</b>	<b>\$ 2,301</b>	<b>\$ 3,829</b>	<b>\$ 7,032,263</b>
<b>Percentage Uncollected Tax</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.02%</b>	<b>35.06%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners  
Boone 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 Boone County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Boone County's basic financial statements, and have issued our report thereon dated March 30, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Boone County Hospital, a component unit of Boone County.

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

In planning and performing our audit of the financial statements, we considered Boone 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 Boone 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 Boone 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**

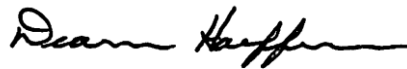
We also noted certain matters that we reported to the management of Boone County in a separate letter dated March 30, 2021.

**Boone County's Response to Findings**

Boone County declined to respond to the finding described above.

**Purpose of this Report**

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



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

March 30, 2021



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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March 30, 2021

Board of Commissioners  
Boone County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Boone County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated March 30, 2021. 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 BOARD

### County Hospital Excluded from Budget

The Boone County Medical Center was established under the provisions of Neb. Rev. Stat. §§ 23-3501 to 23-3527 (Reissue 2012, Cum. Supp. 2020), therefore identifying it as a County function; however, the activity of this hospital was not included in the County Budget.

In Op. Att'y Gen. No. 01035 (Nov. 20, 2001), the Attorney General answered questions about duties and obligations of a community hospital to comply with the County Budget Act. It states the following:

*It is our conclusion that a county community hospital organized and established under the provisions of §§ 23-3501 to 23-3527 is subject to the requirements of the Nebraska Budget Act and, accordingly, required to comply with its provisions. However, the board of trustees of a county hospital is not a governing body for purposes of the Nebraska Budget Act and, therefore, not required to prepare a separate budget for the county hospital as a separate governmental entity.*

The opinion goes on to state that a community hospital is considered a function of county government and, as such, "the fiscal affairs of the county hospital are subject to the budget act and incorporated in the county budget making process."

When Boone County Medical Center activity is not included in the County's budget, the County is not in compliance with State statute.

We recommend the County Board implement procedures to ensure the Boone County Medical Center is included in the budget in accordance with the County Budget Act.

*County's Response: Boone County has not been told in the past years that the Boone County Health Center needs to be included in the County Budget. We will pass this information to the CPA firm that prepares the County budget. In visiting with the Health Center and the Health Center auditor the Health Center is on an October 1 to September 30 fiscal year. In conversation it has been decided beginning with the Boone County budget 2021-2022 the Health Center budget of 2020-2021 will be included in order to show the Health Center budget included with the County budget.*

## **COUNTY CLERK**

### **Transfers and Bond Payments Not Recorded**

We noted the following information was not recorded in the Clerk's financial records:

- Bond Payments, totaling \$265,834, were not recorded in the following funds:
  - \$48,896 in the Highway Allocation Bond Repay Fund; and
  - \$216,938 in the Fair Bond Fund.
- Transfers, totaling \$7,950,377, were not recorded in the following funds:
  - \$2,845,272 from General Fund to Road Fund;
  - \$70,000 from Road Fund to Highway Allocation Bond Repay Fund;
  - \$4,970,517 from Highway Allocation Bond Repay Fund to General and Road Fund; and
  - \$64,588 from 911 Wireless Service Fund to General Fund.

The failure to record these items in the Highway Allocation Bond Repay Fund caused this fund to exceed the adopted budget by \$4,949,413.

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

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

Good internal controls and sound business practices require procedures to ensure that all financial activity of the County is properly reflected in the County Clerk's records.

Without such procedures, there is an increased risk of both noncompliance with State statute and loss, theft, or misuse of funds.

We recommend the County Clerk implement procedures to ensure all financial activity of the County is properly reflected in the records of those offices. We further recommend the County Board implement procedures to monitor closely its budget status on an ongoing basis to avoid individual funds incurring expenses in excess of the amount budgeted.

*County's Response: Prior audits never mentioned changing the forever fund transfers by Resolution differently from the manual entry after the June 30<sup>th</sup> budget roll each fiscal year. The manual entry of Transfers and Bond Payments by Resolution/Board Proceedings is recorded with budget program print outs before the manual change and print outs after the manual change that are kept with the budget work document file. Plan to try the Journal Entry method of the MIPS budget program for each Resolution transfer expense and the Board proceedings for each approved bond payment expense for the current fiscal year 2020-2021.*

CPA and Clerk had the fiscal year 2019-2020 Road Fund 0200 Budget coded to receive "Proceeds from the sale of bonds", miscommunication between the Clerk and Treasurer office where the funds were receipted upon arrival. (0200 Road Fund and 3700 Highway Allocation Bond Repay Fund).

## COUNTY SHERIFF

### Office Procedures

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

- For the Sheriff Crime Stoppers bank account, the office did not maintain a book balance, nor did it perform monthly bank reconciliations. As of June 30, 2020, the balance in the bank account was \$3,016.
- For the Sheriff Fee bank account, the office did not perform monthly bank reconciliations. In addition, an accurate book balance for this account was not maintained. As of June 30, 2020, the check register for the account showed a balance of \$684; however, various records maintained by the office indicated an actual book balance of \$2,038, a variance of \$1,354. The variance appears to be related, at least in part, to recording errors in which deposits were being recorded as checks or were recorded for an incorrect amount in the records.
- The office was unable to provide documentation that a monthly asset-to-liability reconciliation was performed. Consequently, as of June 30, 2020, we noted a shortage of \$627 without support or other information to determine the cause of the variance.
- Interest of \$20 earned in the Crime Stoppers bank account during fiscal year 2020 had not been remitted to the County Treasurer as of fieldwork in March 2021.
- A prisoner boarding receipt of \$385 deposited into the fee bank account in March 2020 had not been remitted to the County Treasurer as of fieldwork performed in March 2021.
- The office did not have an agreement or other form of documentation on file to support the approval of fees charged for prisoner boarding.

Neb. Rev. Stat. § 23-1601(1) (Cum. Supp. 2020) provides the following:

*It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.*

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 also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Sound accounting practices and good internal controls also require procedures to ensure that all monies due to the County Treasurer are remitted on a timely basis, and that fees charged by the Sheriff's office are approved by the County Board.

Without such procedures, there is an increased risk for theft, loss, or misuse of funds, as well as errors occurring and remaining undetected more easily.

We recommend the County Sheriff implement monthly fund balancing procedures to ensure the performance of bank and asset-to-liability reconciliations, and to resolve timely all variances identified. We also recommend that the monies due to the County Treasurer be remitted to the County Treasurer. Lastly, we recommend all fees not set by State statute or other agreements be approved by the County Board.

## 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.

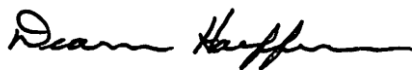
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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

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.

Sincerely,



Deann Haeffner, CPA  
Assistant Deputy Auditor