

**AUDIT REPORT  
OF  
KNOX COUNTY**

**JULY 1, 2020, THROUGH JUNE 30, 2021**

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**Issued on October 15, 2021**

KNOX COUNTY

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KNOX COUNTY  
206 Main St.  
Center, NE 68724

**LIST OF COUNTY OFFICIALS**  
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Jim Borgmann	Jan. 2023
	Patrick Liska	Jan. 2025
	Kevin Mackeprang	Jan. 2023
	Virgil Miller	Jan. 2023
	Marty O'Connor	Jan. 2023
	Danny Schlote	Jan. 2025
	Jim Sokol Jr.	Jan. 2025
Assessor	Monica McManigal	Jan. 2023
Attorney	John Thomas	Jan. 2023
Clerk Election Commissioner Register of Deeds	Joann Fischer	Jan. 2023
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, 2021, 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, 2021, 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 17-29, 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 October 12, 2021, 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.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

October 12, 2021

KNOX COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2021

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 8,010,354
Investments (Note 1.D)	6,296,354
<b>TOTAL ASSETS</b>	<b>\$ 14,306,708</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 111,298
911 Emergency Services	125,236
Preservation of Records	16,850
Child Support Enforcement	77,456
Road Maintenance	720,025
Aid and Assistance	4,500
Coronavirus Relief and Assistance	809,197
Unrestricted	12,442,146
<b>TOTAL NET POSITION</b>	<b>\$ 14,306,708</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, 2021

<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	\$ (3,500,476)	\$ 417,703	\$ 1,006,973	\$ (2,075,800)
Public Safety	(1,101,028)	127,382	32,457	(941,189)
Public Works	(4,784,312)	4,964	2,625,348	(2,154,000)
Public Assistance	(48,891)	-	-	(48,891)
Culture and Recreation	(92,885)	-	-	(92,885)
Total Governmental Activities	<u>\$ (9,527,592)</u>	<u>\$ 550,049</u>	<u>\$ 3,664,778</u>	<u>(5,312,765)</u>

General Receipts:

Property Taxes	6,418,489
Grants and Contributions Not Restricted to Specific Programs	1,007,339
Investment Income	176,500
Licenses and Permits	67,686
Miscellaneous	646,415
Total General Receipts	<u>8,316,429</u>

Increase in Net Position	3,003,664
Net Position - Beginning of year	11,303,044
Net Position - End of year	<u>\$ 14,306,708</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, 2021

	General Fund	Road Fund	Inheritance Fund	Flowage Easement Road Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ -	\$ 618,259	\$ -	\$ 6,099,747	\$ 1,292,348	\$ 8,010,354
Investments (Note 1.D)	1,933,151	-	3,191,132	129,270	1,042,801	6,296,354
<b>TOTAL ASSETS</b>	<b>\$ 1,933,151</b>	<b>\$ 618,259</b>	<b>\$ 3,191,132</b>	<b>\$ 6,229,017</b>	<b>\$ 2,335,149</b>	<b>\$ 14,306,708</b>
 <b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	111,298	111,298
911 Emergency Services	-	-	-	-	125,236	125,236
Preservation of Records	-	-	-	-	16,850	16,850
Child Support Enforcement	-	-	-	-	77,456	77,456
Road Maintenance	-	-	-	-	720,025	720,025
Aid and Assistance	-	-	-	-	4,500	4,500
Coronavirus Relief and Assistance	-	-	-	-	809,197	809,197
Committed to:						
Law Enforcement	-	-	-	-	11,639	11,639
Road Maintenance	-	618,259	-	-	-	618,259
County Insurance	-	-	-	-	62,679	62,679
Road Projects	-	-	-	6,229,017	-	6,229,017
Economic Development	-	-	-	-	386,575	386,575
Community Betterment	-	-	-	-	9,694	9,694
Assigned to:						
Other Purposes	-	-	3,191,132	-	-	3,191,132
Unassigned	1,933,151	-	-	-	-	1,933,151
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 1,933,151</b>	<b>\$ 618,259</b>	<b>\$ 3,191,132</b>	<b>\$ 6,229,017</b>	<b>\$ 2,335,149</b>	<b>\$ 14,306,708</b>

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, 2021

	General Fund	Road Fund	Inheritance Fund	Flowage Easement Road Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$3,779,577	\$ -	\$ 2,486,457	\$ -	\$ 152,455	\$ 6,418,489
Licenses and Permits	67,686	-	-	-	-	67,686
Investment Income	51,385	-	-	124,550	565	176,500
Intergovernmental	804,271	2,266,038	-	351,423	1,250,385	4,672,117
Charges for Services	536,199	4,964	-	-	8,886	550,049
Miscellaneous	8,321	72,867	536,946	-	28,281	646,415
<b>TOTAL RECEIPTS</b>	<u>5,247,439</u>	<u>2,343,869</u>	<u>3,023,403</u>	<u>475,973</u>	<u>1,440,572</u>	<u>12,531,256</u>
<b>DISBURSEMENTS</b>						
General Government	2,238,377	-	869,550	-	392,549	3,500,476
Public Safety	1,050,876	-	-	-	50,152	1,101,028
Public Works	192,240	3,551,646	-	1,035,997	4,429	4,784,312
Public Assistance	48,891	-	-	-	-	48,891
Culture and Recreation	-	-	-	-	92,885	92,885
<b>TOTAL DISBURSEMENTS</b>	<u>3,530,384</u>	<u>3,551,646</u>	<u>869,550</u>	<u>1,035,997</u>	<u>540,015</u>	<u>9,527,592</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,717,055</u>	<u>(1,207,777)</u>	<u>2,153,853</u>	<u>(560,024)</u>	<u>900,557</u>	<u>3,003,664</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	300,000	1,520,060	25,469	262,489	50,383	2,158,401
Transfers out	<u>(1,825,876)</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>(32,525)</u>	<u>(2,158,401)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,525,876)</u>	<u>1,520,060</u>	<u>(274,531)</u>	<u>262,489</u>	<u>17,858</u>	<u>-</u>
Net Change in Fund Balances	191,179	312,283	1,879,322	(297,535)	918,415	3,003,664
<b>CASH BASIS FUND BALANCES - BEGINNING</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>
<b>CASH BASIS FUND BALANCES - ENDING</b>						
	<u>\$1,933,151</u>	<u>\$ 618,259</u>	<u>\$ 3,191,132</u>	<u>\$ 6,229,017</u>	<u>\$ 2,335,149</u>	<u>\$ 14,306,708</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**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2021

	Custodial Fund Balances July 1, 2020 (As Restated)	Receipts	Disbursements	Custodial Fund Balances June 30, 2021
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,564,685	\$ 30,799,354	\$ 30,518,950	\$ 1,845,089
<b>LIABILITIES</b>				
Due to other governments				
State - Collected by County Treasurer	233,932	2,530,827	2,501,594	263,165
State - Collected by Other Offices	16,961	135,502	143,510	8,953
Schools	242,437	18,964,136	18,947,949	258,624
Educational Service Units	3,064	344,271	343,656	3,679
Technical College	19,458	2,187,670	2,183,812	23,316
Natural Resource Districts	4,051	524,842	522,867	6,026
Fire Districts	17,225	1,126,669	1,127,335	16,559
Municipalities	34,339	1,310,535	1,310,558	34,316
Agricultural Society	1,383	153,187	152,947	1,623
Airport Authorities	15,538	22,520	22,460	15,598
Townships	742,604	1,432,659	1,287,888	887,375
Sanitary and Improvement Districts	201,731	588,891	562,221	228,401
Others - Collected by County Treasurer	-	260,406	253,406	7,000
Others - Collected by Other Offices	31,962	1,217,239	1,158,747	90,454
<b>TOTAL LIABILITIES</b>	<b>1,564,685</b>	<b>30,799,354</b>	<b>30,518,950</b>	<b>1,845,089</b>
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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, 2021

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 2021. 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 2021. 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) (2021 Neb. Laws, LB 528, §51). 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 monies received from grant reimbursements. Receipts are from interest earned on the balance in the fund and grant reimbursements. 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.

**Custodial 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 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, certificates of deposits, 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 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 \$1,864,562 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 \$8,010,354 for County funds and \$1,845,089 for Fiduciary funds. The bank balances for all funds totaled \$10,059,764. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, 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 \$6,296,354 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 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.162297/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.167619/\$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. 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.



KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2021, 76 employees contributed \$130,905, and the County contributed \$194,966. Contributions included \$2,784 in cash contributions towards the supplemental law enforcement plan for five law enforcement employees. Lastly, the County paid \$1,872 directly to 17 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 104 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 the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the 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, 2021, consisted of the following:

<b>Transfers to</b>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 300,000	\$ -	\$ 300,000
Road Fund	1,520,060	-	-	1,520,060
Inheritance Fund	43,327	-	25,469	68,796
Flowage Easement Road Fund	262,489	-	-	262,489
Nonmajor Funds	-	-	7,056	7,056
Total	<u>\$ 1,825,876</u>	<u>\$ 300,000</u>	<u>\$ 32,525</u>	<u>\$ 2,158,401</u>

KNOX COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

6. **Interfund Transfers** (Concluded)

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.

7. **Interfund Loans**

Interfund loans for the year ended June 30, 2021, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Flowage Easement Road Fund	General Fund	\$ 262,489
Inheritance Fund	911 Emergency Fund	\$ 25,468

8. **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 Economic Development 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 \$172,258 as of June 30, 2021. 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 fiscal year 2021, the County awarded two new grants, totaling \$250,000, in connection with the new agreement.

9. **Prior Period Adjustment**

The beginning balances were increased by \$48,923 on the Fiduciary Fund Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report the monies held by County officials other than the County Treasurer.

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 4,020,504	\$ 4,020,504	\$ 3,779,577	\$ (240,927)
Licenses and Permits	70,148	70,148	67,686	(2,462)
Interest	60,200	60,200	51,385	(8,815)
Intergovernmental	284,307	284,307	804,271	519,964
Charges for Services	530,414	530,414	536,199	5,785
Miscellaneous	5,020	5,020	8,321	3,301
<b>TOTAL RECEIPTS</b>	<u>4,970,593</u>	<u>4,970,593</u>	<u>5,247,439</u>	<u>276,846</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	179,856	179,856	177,252	2,604
County Clerk	146,856	146,856	146,822	34
County Treasurer	234,318	234,318	229,148	5,170
Register of Deeds	48,633	48,633	42,403	6,230
County Assessor	256,129	256,129	250,001	6,128
Election Commissioner	66,410	66,410	53,784	12,626
Building and Zoning	42,375	42,375	32,170	10,205
District Court - Judicial	23,500	23,500	11,550	11,950
Clerk of the District Court	111,376	111,376	101,951	9,425
County Court System	10,000	10,000	3,069	6,931
District Judge	6,000	6,000	4,143	1,857
Building and Grounds	183,509	183,509	163,184	20,325
Reappraisal	30,950	30,950	30,185	765
Agricultural Extension Agent	85,572	85,572	80,021	5,551
Grants	23,000	23,000	-	23,000
Miscellaneous	1,141,771	1,138,988	912,694	226,294
Public Safety				
County Sheriff	582,063	582,063	512,396	69,667
County Attorney	117,676	119,738	119,738	-
County Jail	443,300	443,300	347,653	95,647
Emergency Management	70,368	71,089	71,089	-
Public Works				
County Surveyor	9,700	9,700	4,771	4,929
Noxious Weed Control	48,125	48,125	34,149	13,976
Highway Department	157,802	157,802	153,320	4,482
Public Assistance				
Veterans' Service Officer	52,400	52,400	47,691	4,709
County Relief	10,000	10,000	1,200	8,800
Institutions	5,000	5,000	-	5,000
<b>TOTAL DISBURSEMENTS</b>	<u>4,086,689</u>	<u>4,086,689</u>	<u>3,530,384</u>	<u>556,305</u>

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	883,904	883,904	1,717,055	833,151
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	(1,825,876)	(1,825,876)	(1,825,876)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,525,876)	(1,525,876)	(1,525,876)	-
Net Change in Fund Balance	(641,972)	(641,972)	191,179	833,151
<b>FUND BALANCE - BEGINNING</b>	1,741,972	1,741,972	1,741,972	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,933,151</u>	<u>\$ 833,151</u>

(Concluded)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,131,633	\$ 2,131,633	\$ 2,266,038	\$ 134,405
Charges for Services	4,900	4,900	4,964	64
Miscellaneous	34,167	34,167	72,867	38,700
<b>TOTAL RECEIPTS</b>	<u>2,170,700</u>	<u>2,170,700</u>	<u>2,343,869</u>	<u>173,169</u>
<b>DISBURSEMENTS</b>	<u>3,996,736</u>	<u>3,996,736</u>	<u>3,551,646</u>	<u>445,090</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,826,036)</u>	<u>(1,826,036)</u>	<u>(1,207,777)</u>	<u>618,259</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,520,060	1,520,060	1,520,060	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,520,060</u>	<u>1,520,060</u>	<u>1,520,060</u>	<u>-</u>
Net Change in Fund Balance	(305,976)	(305,976)	312,283	618,259
FUND BALANCE - BEGINNING	305,976	305,976	305,976	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 618,259</u>	<u>\$ 618,259</u>

<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 2,000,300	\$ 2,000,300	\$ 2,486,457	\$ 486,157
Intergovernmental	7,729	7,729	-	(7,729)
Miscellaneous	587,593	587,593	536,946	(50,647)
<b>TOTAL RECEIPTS</b>	<u>2,595,622</u>	<u>2,595,622</u>	<u>3,023,403</u>	<u>427,781</u>
<b>DISBURSEMENTS</b>	<u>3,632,901</u>	<u>3,632,901</u>	<u>869,550</u>	<u>2,763,351</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,037,279)</u>	<u>(1,037,279)</u>	<u>2,153,853</u>	<u>3,191,132</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,469	25,469	25,469	-
Transfers out	(300,000)	(300,000)	(300,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(274,531)</u>	<u>(274,531)</u>	<u>(274,531)</u>	<u>-</u>
Net Change in Fund Balance	(1,311,810)	(1,311,810)	1,879,322	3,191,132
FUND BALANCE - BEGINNING	1,311,810	1,311,810	1,311,810	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,191,132</u>	<u>\$ 3,191,132</u>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>FLOWAGE EASEMENT ROAD FUND</u></b>				
<b>RECEIPTS</b>				
Interest	\$ 97,898	\$ 97,898	\$ 124,550	\$ 26,652
Intergovernmental	-	-	351,423	351,423
Miscellaneous	500,000	500,000	-	(500,000)
<b>TOTAL RECEIPTS</b>	<u>597,898</u>	<u>597,898</u>	<u>475,973</u>	<u>(121,925)</u>
<b>DISBURSEMENTS</b>	<u>7,386,939</u>	<u>7,386,939</u>	<u>1,035,997</u>	<u>6,350,942</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(6,789,041)</u>	<u>(6,789,041)</u>	<u>(560,024)</u>	<u>6,229,017</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	(6,526,552)	(6,526,552)	(297,535)	6,229,017
FUND BALANCE - BEGINNING	<u>6,526,552</u>	<u>6,526,552</u>	<u>6,526,552</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,229,017</u>	<u>\$ 6,229,017</u>

(Concluded)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>HIGHWAY BRIDGE BUYBACK FUND</u></b>				
Receipts	\$ 347,778	\$ 347,778	\$ 347,777	\$ (1)
Disbursements	(724,455)	(724,455)	(4,429)	720,026
Net Change in Fund Balance	(376,677)	(376,677)	343,348	720,025
Fund Balance - Beginning	376,677	376,677	376,677	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 720,025</u>	<u>\$ 720,025</u>
<b><u>CHILD SUPPORT FUND</u></b>				
Receipts	\$ 24,000	\$ 24,000	\$ 14,412	\$ (9,588)
Disbursements	(115,401)	(115,401)	(28,357)	87,044
Net Change in Fund Balance	(91,401)	(91,401)	(13,945)	77,456
Fund Balance - Beginning	91,401	91,401	91,401	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,456</u>	<u>\$ 77,456</u>
<b><u>VISITORS PROMOTION FUND</u></b>				
Receipts	\$ 23,680	\$ 23,680	\$ 31,279	\$ 7,599
Disbursements	(38,704)	(38,704)	(17,187)	21,517
Net Change in Fund Balance	(15,024)	(15,024)	14,092	29,116
Fund Balance - Beginning	15,024	15,024	15,024	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,116</u>	<u>\$ 29,116</u>
<b><u>VISITORS IMPROVEMENT FUND</u></b>				
Receipts	\$ 29,000	\$ 29,000	\$ 31,279	\$ 2,279
Disbursements	(155,601)	(155,601)	(75,698)	79,903
Net Change in Fund Balance	(126,601)	(126,601)	(44,419)	82,182
Fund Balance - Beginning	126,601	126,601	126,601	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,182</u>	<u>\$ 82,182</u>
<b><u>REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND</u></b>				
Receipts	\$ 7,000	\$ 7,000	\$ 8,743	\$ 1,743
Disbursements	(24,921)	(24,921)	(9,814)	15,107
Net Change in Fund Balance	(17,921)	(17,921)	(1,071)	16,850
Fund Balance - Beginning	17,921	17,921	17,921	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,850</u>	<u>\$ 16,850</u>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COUNTY INSURANCE FUND</b>				
Receipts	\$ 250	\$ 250	\$ 138	\$ (112)
Disbursements	(69,162)	(69,162)	(6,371)	62,791
Net Change in Fund Balance	(68,912)	(68,912)	(6,233)	62,679
Fund Balance - Beginning	68,912	68,912	68,912	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,679</u>	<u>\$ 62,679</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,500)	(4,500)	-	4,500
Net Change in Fund Balance	(4,500)	(4,500)	-	4,500
Fund Balance - Beginning	4,500	4,500	4,500	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 4,500</u>
<b>STOP PROGRAM FUND</b>				
Receipts	\$ 800	\$ 800	\$ 80	\$ (720)
Disbursements	(800)	(800)	-	800
Net Change in Fund Balance	-	-	80	80
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 80</u>
<b>DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(438)	(438)	-	438
Net Change in Fund Balance	(438)	(438)	-	438
Fund Balance - Beginning	438	438	438	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 438</u>
<b>COVID AMERICAN RESCUE PLAN ACT FUND</b>				
Receipts	\$ -	\$ -	\$ 809,197	\$ 809,197
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	809,197	809,197
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 809,197</u>	<u>\$ 809,197</u>

(Continued)



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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>ECONOMIC DEVELOPMENT FUND</u></b>				
Receipts	\$ 101,000	\$ 101,000	\$ 50,559	\$ (50,441)
Disbursements	(587,843)	(587,843)	(254,572)	333,271
Net Change in Fund Balance	(486,843)	(486,843)	(204,013)	282,830
Fund Balance - Beginning	486,843	486,843	486,843	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,830</u>	<u>\$ 282,830</u>
<b><u>COMMUNITY DEVELOPMENT FUND</u></b>				
Receipts	\$ 55,400	\$ 55,400	\$ 35,365	\$ (20,035)
Disbursements	(205,122)	(205,122)	(81,342)	123,780
Transfers in	43,327	43,327	43,327	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(106,395)	(106,395)	(2,650)	103,745
Fund Balance - Beginning	106,395	106,395	106,395	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,745</u>	<u>\$ 103,745</u>
<b><u>KENO FUND</u></b>				
Receipts	\$ 30,795	\$ 30,795	\$ 21,787	\$ (9,008)
Disbursements	(30,795)	(30,795)	(12,093)	18,702
Net Change in Fund Balance	-	-	9,694	9,694
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,694</u>	<u>\$ 9,694</u>
<b><u>911 EMERGENCY FUND</u></b>				
Receipts	\$ 35,000	\$ 35,000	\$ 36,245	\$ 1,245
Disbursements	(33,341)	(33,341)	(8,812)	24,529
Transfers in	-	-	-	-
Transfers out	(25,469)	(25,469)	(25,469)	-
Net Change in Fund Balance	(23,810)	(23,810)	1,964	25,774
Fund Balance - Beginning	23,810	23,810	23,810	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,774</u>	<u>\$ 25,774</u>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 53,023	\$ 53,023	\$ 53,648	\$ 625
Disbursements	(53,023)	(53,023)	(41,340)	11,683
Transfers in	-	-	-	-
Transfers out	(7,056)	(7,056)	(7,056)	-
Net Change in Fund Balance	(7,056)	(7,056)	5,252	12,308
Fund Balance - Beginning	7,056	7,056	7,056	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,308</u>	<u>\$ 12,308</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(87,154)	(87,154)	-	87,154
Transfers in	7,056	7,056	7,056	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(80,098)	(80,098)	7,056	87,154
Fund Balance - Beginning	80,098	80,098	80,098	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,154</u>	<u>\$ 87,154</u>
<b>SHERIFF COMMISSARY FUND</b>				
Receipts	\$ 2,400	\$ 2,400	\$ 63	\$ (2,337)
Disbursements	(13,458)	(13,458)	-	13,458
Net Change in Fund Balance	(11,058)	(11,058)	63	11,121
Fund Balance - Beginning	11,058	11,058	11,058	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,121</u>	<u>\$ 11,121</u>
<b>DIVERSION PROGRAM</b>				
Receipts	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Disbursements	(3,000)	(3,000)	-	3,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2021

	Highway Bridge Buyback Fund	Child Support Fund	Visitors Promotion Fund	Visitors Improvement Fund	Register of Deeds Preservation and Modernization Fund	County Insurance Fund
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ -	\$ 31,279	\$ 31,279	\$ -	\$ -
Investment Income	-	-	-	-	-	138
Intergovernmental	347,777	14,412	-	-	-	-
Charges for Services	-	-	-	-	8,743	-
Miscellaneous	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>347,777</u>	<u>14,412</u>	<u>31,279</u>	<u>31,279</u>	<u>8,743</u>	<u>138</u>
<b>DISBURSEMENTS</b>						
General Government	-	28,357	-	-	9,814	6,371
Public Safety	-	-	-	-	-	-
Public Works	4,429	-	-	-	-	-
Culture and Recreation	-	-	17,187	75,698	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>4,429</u>	<u>28,357</u>	<u>17,187</u>	<u>75,698</u>	<u>9,814</u>	<u>6,371</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>343,348</u>	<u>(13,945)</u>	<u>14,092</u>	<u>(44,419)</u>	<u>(1,071)</u>	<u>(6,233)</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>	<u>-</u>
Net Change in Fund Balances	343,348	(13,945)	14,092	(44,419)	(1,071)	(6,233)
<b>FUND BALANCES - BEGINNING</b>	<u>376,677</u>	<u>91,401</u>	<u>15,024</u>	<u>126,601</u>	<u>17,921</u>	<u>68,912</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 720,025</u>	<u>\$ 77,456</u>	<u>\$ 29,116</u>	<u>\$ 82,182</u>	<u>\$ 16,850</u>	<u>\$ 62,679</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	29,116	82,182	-	-
911 Emergency Services	-	-	-	-	-	-
Preservation of Records	-	-	-	-	16,850	-
Child Support Enforcement	-	77,456	-	-	-	-
Road Maintenance	720,025	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
Coronavirus Relief and Assistance	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
County Insurance	-	-	-	-	-	62,679
Economic Development	-	-	-	-	-	-
Community Betterment	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 720,025</u>	<u>\$ 77,456</u>	<u>\$ 29,116</u>	<u>\$ 82,182</u>	<u>\$ 16,850</u>	<u>\$ 62,679</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, 2021

	Veterans' Aid Fund	STOP Program Fund	Drug Law Enforcement Fund	COVID American Rescue Plan Act Fund	Economic Development Fund	Community Development Fund	Keno Fund
<b>RECEIPTS</b>							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -
Investment Income	-	-	-	-	427	-	-
Intergovernmental	-	-	-	809,197	50,132	28,867	-
Charges for Services	-	80	-	-	-	-	-
Miscellaneous	-	-	-	-	-	6,494	21,787
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>809,197</b>	<b>50,559</b>	<b>35,365</b>	<b>21,787</b>
<b>DISBURSEMENTS</b>							
General Government	-	-	-	-	254,572	81,342	12,093
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254,572</b>	<b>81,342</b>	<b>12,093</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>809,197</b>	<b>(204,013)</b>	<b>(45,977)</b>	<b>9,694</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	43,327	-
Transfers out	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,327</b>	<b>-</b>
Net Change in Fund Balances	-	80	-	809,197	(204,013)	(2,650)	9,694
<b>FUND BALANCES - BEGINNING</b>	<b>4,500</b>	<b>-</b>	<b>438</b>	<b>-</b>	<b>486,843</b>	<b>106,395</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 4,500</b>	<b>\$ 80</b>	<b>\$ 438</b>	<b>\$ 809,197</b>	<b>\$ 282,830</b>	<b>\$ 103,745</b>	<b>\$ 9,694</b>
<b>FUND BALANCES:</b>							
Restricted for:							
Visitor Promotion	-	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-	-
Aid and Assistance	4,500	-	-	-	-	-	-
Coronavirus Relief and Assistance	-	-	-	809,197	-	-	-
Committed to:							
Law Enforcement	-	80	438	-	-	-	-
County Insurance	-	-	-	-	-	-	-
Economic Development	-	-	-	-	282,830	103,745	-
Community Betterment	-	-	-	-	-	-	9,694
<b>TOTAL FUND BALANCES</b>	<b>\$ 4,500</b>	<b>\$ 80</b>	<b>\$ 438</b>	<b>\$ 809,197</b>	<b>\$ 282,830</b>	<b>\$ 103,745</b>	<b>\$ 9,694</b>

(Continued)

**KNOX COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2021

	911 Emergency Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	Sheriff Commissary Fund	Diversion Program	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 36,245	\$ 53,648	\$ -	\$ -	\$ -	\$ 152,455
Investment Income	-	-	-	-	-	565
Intergovernmental	-	-	-	-	-	1,250,385
Charges for Services	-	-	-	63	-	8,886
Miscellaneous	-	-	-	-	-	28,281
<b>TOTAL RECEIPTS</b>	<b>36,245</b>	<b>53,648</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>1,440,572</b>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	392,549
Public Safety	8,812	41,340	-	-	-	50,152
Public Works	-	-	-	-	-	4,429
Culture and Recreation	-	-	-	-	-	92,885
<b>TOTAL DISBURSEMENTS</b>	<b>8,812</b>	<b>41,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>540,015</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>27,433</b>	<b>12,308</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>900,557</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	7,056	-	-	50,383
Transfers out	(25,469)	(7,056)	-	-	-	(32,525)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(25,469)</b>	<b>(7,056)</b>	<b>7,056</b>	<b>-</b>	<b>-</b>	<b>17,858</b>
Net Change in Fund Balances	1,964	5,252	7,056	63	-	918,415
<b>FUND BALANCES - BEGINNING</b>	<b>23,810</b>	<b>7,056</b>	<b>80,098</b>	<b>11,058</b>	<b>-</b>	<b>1,416,734</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 25,774</b>	<b>\$ 12,308</b>	<b>\$ 87,154</b>	<b>\$ 11,121</b>	<b>\$ -</b>	<b>\$ 2,335,149</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	111,298
911 Emergency Services	25,774	12,308	87,154	-	-	125,236
Preservation of Records	-	-	-	-	-	16,850
Child Support Enforcement	-	-	-	-	-	77,456
Road Maintenance	-	-	-	-	-	720,025
Aid and Assistance	-	-	-	-	-	4,500
Coronavirus Relief and Assistance	-	-	-	-	-	809,197
Committed to:						
Law Enforcement	-	-	-	11,121	-	11,639
County Insurance	-	-	-	-	-	62,679
Economic Development	-	-	-	-	-	386,575
Community Betterment	-	-	-	-	-	9,694
<b>TOTAL FUND BALANCES</b>	<b>\$ 25,774</b>	<b>\$ 12,308</b>	<b>\$ 87,154</b>	<b>\$ 11,121</b>	<b>\$ -</b>	<b>\$ 2,335,149</b>

(Concluded)

**KNOX COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2021

	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, 2020	\$ 541	\$ 26,997	\$ 31,611	\$ 6,861	\$ 28	\$ 4,163	\$ 10,235	\$ -	\$ 80,436
<b>RECEIPTS</b>									
Property Taxes	-	-	-	-	-	-	-	-	-
Licenses and Permits	279	-	-	1,245	-	-	-	13,749	15,273
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	914	95,087	6,676	26,250	130	-	-	-	129,057
Miscellaneous	-	-	-	137	-	162	-	-	299
State Fees	5,441	122,495	7,566	-	-	-	-	-	135,502
Other Liabilities	-	531	1,176,244	39,243	1,221	-	-	-	1,217,239
<b>TOTAL RECEIPTS</b>	<b>6,634</b>	<b>218,113</b>	<b>1,190,486</b>	<b>66,875</b>	<b>1,351</b>	<b>162</b>	<b>-</b>	<b>13,749</b>	<b>1,497,370</b>
<b>DISBURSEMENTS</b>									
Payments to County Treasurer	1,223	98,738	6,670	26,432	140	-	10,235	13,749	157,187
Payments to State Treasurer	5,613	130,986	6,911	-	-	-	-	-	143,510
Petty Cash	-	-	-	-	-	1,513	-	-	1,513
Other Liabilities	-	531	1,116,930	40,065	1,221	-	-	-	1,158,747
<b>TOTAL DISBURSEMENTS</b>	<b>6,836</b>	<b>230,255</b>	<b>1,130,511</b>	<b>66,497</b>	<b>1,361</b>	<b>1,513</b>	<b>10,235</b>	<b>13,749</b>	<b>1,460,957</b>
BALANCES JUNE 30, 2021	\$ 339	\$ 14,855	\$ 91,586	\$ 7,239	\$ 18	\$ 2,812	\$ -	\$ -	\$ 116,849
<b>BALANCES CONSIST OF:</b>									
Due to County Treasurer	\$ 47	\$ 7,138	\$ 554	\$ 6,716	\$ -	\$ 2,812	\$ -	\$ -	\$ 17,267
Petty Cash	50	50	-	75	-	-	-	-	175
Due to State Treasurer	242	7,667	1,044	-	-	-	-	-	8,953
Due to Others	-	-	89,988	448	18	-	-	-	90,454
<b>BALANCES JUNE 30, 2021</b>	<b>\$ 339</b>	<b>\$ 14,855</b>	<b>\$ 91,586</b>	<b>\$ 7,239</b>	<b>\$ 18</b>	<b>\$ 2,812</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 116,849</b>

**KNOX COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2021

Item	2016	2017	2018	2019	2020
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 21,104,185	\$ 21,579,186	\$ 22,097,883	\$ 22,904,454	\$ 23,706,465
Personal and Specials	1,061,238	988,051	932,194	1,300,894	1,438,491
<b>Total</b>	<b>22,165,423</b>	<b>22,567,237</b>	<b>23,030,077</b>	<b>24,205,348</b>	<b>25,144,956</b>
<b>Corrections</b>					
Additions	21,774	23,094	22,864	2,350	800
Deductions	(6,327)	(572)	(2,273)	(38,925)	(275)
Net Additions/ (Deductions)	15,447	22,522	20,591	(36,575)	525
<b>Corrected Certified Tax</b>	<b>22,180,870</b>	<b>22,589,759</b>	<b>23,050,668</b>	<b>24,168,773</b>	<b>25,145,481</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2017	14,676,224	-	-	-	-
June 30, 2018	7,482,308	14,857,412	-	-	-
June 30, 2019	4,864	7,705,285	14,908,468	-	-
June 30, 2020	16,961	26,531	8,140,997	15,868,701	-
June 30, 2021	513	531	920	8,296,824	16,924,033
<b>Total Net Collections</b>	<b>22,180,870</b>	<b>22,589,759</b>	<b>23,050,385</b>	<b>24,165,525</b>	<b>16,924,033</b>
<b>Total Uncollected Tax</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 283</b>	<b>\$ 3,248</b>	<b>\$ 8,221,448</b>
<b>Percentage Uncollected Tax</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>32.70%</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, 2021, 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 12, 2021. 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 12, 2021.

**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.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

October 12, 2021



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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October 12, 2021

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, 2021, and have issued our report thereon dated October 12, 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 SHERIFF

### Accounting Procedures

During the audit, we noted the following issues with the County Sheriff's accounting procedures at June 30, 2021:

- An accurate book balance and accurate listing of outstanding checks was not maintained for the fee account. The County Sheriff's June 30, 2021, reconciliation for the fee account included \$1,100 as an outstanding deposit that was not actually outstanding as of June 30, 2021. This same reconciliation included a \$3 error in the list of outstanding checks.
- 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.

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

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

The County Sheriff did not remit mileage service fees, totaling \$7,663, to the County Treasurer in a timely manner. Mileage fees received during the fiscal year were remitted 96 to 157 days after being earned.

Sound accounting practices and good internal controls require procedures to ensure that 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.

A similar comment was noted in the prior-year audit report.

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.

## COUNTY OVERALL

### Segregation of Duties

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.

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.

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,



Mark Avery, CPA  
Assistant Deputy Auditor