

**ATTESTATION REPORT
OF THE
NEBRASKA GRAIN SORGHUM DEVELOPMENT,
UTILIZATION, AND MARKETING BOARD
JULY 1, 2019, THROUGH DECEMBER 31, 2020**

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on July 6, 2021

The Nebraska Auditor of Public Accounts Office was created by the first territorial Legislature in 1855. The Auditor was the general accountant and revenue officer of the territory. Those duties have expanded and evolved over the decades, as modern accounting theory has been implemented. The office of the Auditor of Public Accounts is one of six offices making up the executive branch of Nebraska State Government. Charlie Janssen was elected in November 2014 and re-elected in November 2018, as the Nebraska Auditor of Public Accounts. He was sworn into office on January 8, 2015, as Nebraska's 25th State Auditor.

The mission of the Nebraska Auditor of Public Accounts' office is to provide independent, accurate, and timely audits, reviews, or investigations of the financial operations of Nebraska State and local governments.

We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet-based Budget and Audit databases.

We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.

Audit Staff Working On This Examination

Pat Reding, CPA, CFE – Assistant Deputy Auditor
Rachel Wittler, CPA, CFR – Senior Auditor-In-Charge
Caleb Witt – Auditor-In-Charge
Keira Wisniewski – Auditor II
Cassandra Dobbs – Auditor
Nick Fleming – Auditor
Olga Rybak – Auditor

Our reports can be found electronically at: auditors.nebraska.gov

Additionally, you may request them by contacting us at:

Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509
Phone: 402-471-2111

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD

TABLE OF CONTENTS

	<u>Page</u>
Background Information Section	
Background	1
District Map	1
Key Officials and Agency Contact Information	2
Comment Section	
Comment and Recommendation	3
Financial Section	
Independent Accountant's Report	4 - 5
Schedule of Revenues, Expenditures, and Change in Fund Balances	6
Notes to the Schedule	7 - 9
Supplementary Information	10
Exhibit A – Revenues, Expenditures and Changes in Fund Balances for the Period July 1, 2019, through June 30, 2020	11
Exhibit B – Revenues, Expenditures and Changes in Fund Balances for the Period July 1, 2020, through December 31, 2020	12
Exhibit C – Nebraska Grain Sorghum Check-Off Received	13
Exhibit D – Expenditures by Subprogram	14

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD

BACKGROUND

The Grain Sorghum Program (Program) was created in 1981 to fund market development, promotion, education, and research programs related to grain sorghum. In 1985, the Nebraska Grain Sorghum Development, Utilization, and Marketing Board's (Board) statutory authority was broadened to allow up to 25% of the budget to be used on influencing Federal legislation. Effective July 1, 1992, the Board was granted separate, non-code agency status. Prior to that time, the Board had been included as a subdivision of the Nebraska Department of Agriculture.

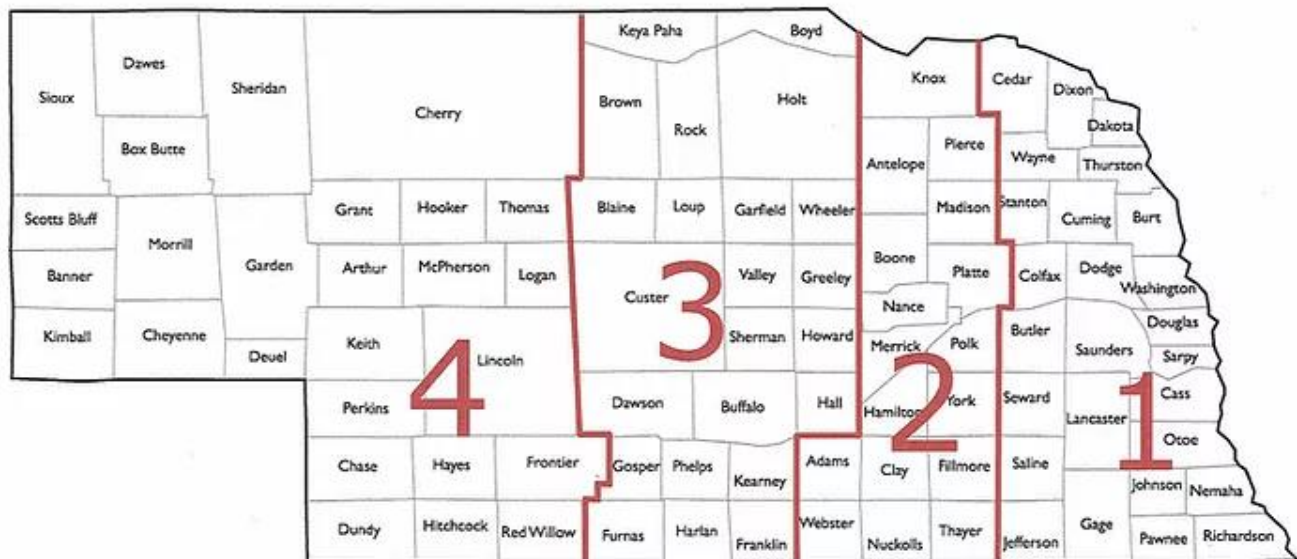
A seven-member board has the responsibility to administer, supervise, and operate the Program. Six of the Board members are appointed by the Governor to three-year terms on a district basis. The seventh member, serving in an at-large capacity, is elected by the Board.

The programs of the Board are funded by the grain sorghum producers of the State through an assessment of one cent per hundredweight on all sorghum sold or delivered in the State.

Foreign and domestic market development activities of the Board are conducted through the U.S. Grains Council and the National Sorghum Producers. Research activities are carried out in conjunction with the University of Nebraska.

Tax collections, field compliance reviews of first purchasers, and various other accounting functions are performed by the Nebraska Department of Agriculture under contract with the Board.

Districts of the **NEBRASKA GRAIN SORGHUM BOARD**



Board Details:

- Four Districts
- Three At-Large Directors – Two appointed by Governor, 1 appointed by the Board
- Interested Candidates remit Application for Gubernatorial Appointment to the Office of the Governor supported by at least two letters of recommendation.

11.9.10

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Nebraska Grain Sorghum Development, Utilization, and Marketing Board Members

<u>Name</u>	<u>Title</u>	<u>Term Ending</u>
Mike Baker, Trenton	Chairperson, District 4	July 1, 2021
Duane Vorderstrasse, Hebron	Treasurer, District 2	July 1, 2022
Scott Nelson, Axtell	District 3	July 1, 2022
Vacant	District 1	
Klint Stewart, Columbus	Vice-Chair, At Large	July 1, 2023
David Junker, McCook	At Large	July 1, 2022
Vacant	At Large	
Mike Boehm, Lincoln	Institute of Agriculture and Natural Resources	Ex Officio
Steve Wellman, Lincoln	Department of Agriculture	Ex Officio

**Nebraska Grain Sorghum Development, Utilization, and
Marketing Board
Executive Management**

<u>Name</u>	<u>Title</u>
Nate Blum	Executive Director

Grain Sorghum Development, Utilization, and Marketing Board
301 Centennial Mall South, 4th Floor
P.O. Box 94982
Lincoln, NE 68509
sorghum.nebraska.gov
www.nebraskasorghum.org

COMMENT AND RECOMMENDATION

During our examination of the Nebraska Grain Sorghum Development, Utilization, and Marketing Board (Board), we noted a certain deficiency and other operational matter that is presented here.

The comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

Compliance Reviews

The Board is funded by the grain sorghum producers of the State through an assessment of one cent per hundredweight on all sorghum sold or delivered in the State. This check-off fee is paid by the grain sorghum producer and collected by the first purchaser. The first purchaser is required to maintain records related to the fees collected on each purchase. The Board contracts with the Nebraska Department of Agriculture (Department) to conduct compliance reviews of first purchasers to verify the quarterly information submitted agrees to records on file with the first purchaser.

We noted that compliance review policies and procedures could be improved. There is no minimum number of reviews to be completed within a year or guidance on how many years can elapse before a first purchaser is reviewed.

Based on the most recent list of historical first purchasers provided, there were 23 first purchasers identified. We noted four reviews were completed during fiscal year 2019 – none completed in fiscal year 2020, and four completed during fiscal year 2021. We also noted three entities that had no review in the last ten years.

A good internal control plan requires the Commission to have written policies and procedures for conducting compliance reviews and ensuring that adequate review coverage is obtained.

Without such policies and procedures, there is an increased risk that compliance audits will not be conducted timely and consistently. If adequate coverage is not obtained, moreover, there is an increased risk for noncompliance and loss of funds.

A similar comment was noted in the 2013 report.

We recommend the Board, in conjunction with the Department, develop written policies and procedures for the selection of entities subject to compliance reviews and for conducting such reviews.

Board Response: The Department communicated compliance audit reviews to the Board. It should be noted that during the fiscal years reviewed, the Department randomly selected over ninety first purchasers for compliance audit review. During fiscal year 2020, compliance audits were limited due to staffing issues and the pandemic.

The Board will review current compliance audit procedures and work with the Department to strengthen the documentation of the Board's expectations.

It should be noted that this report is critical in nature, containing only our comment and recommendation on the area noted for improvement, and does not include our observations on any accounting strengths of the Board.

Draft copies of this report were furnished to the Board to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The formal response received has been incorporated into this report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Grain Sorghum Development, Utilization, and Marketing Board
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balances of the Nebraska Grain Sorghum Development, Utilization, and Marketing Board (Board) for the period July 1, 2019, through December 31, 2020. The Board's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balances. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances for the period July 1, 2019, through December 31, 2020, is based on the accounting system and procedures prescribed by the State of Nebraska Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balances; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Revenues, Expenditures, and Changes in Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed no findings that are required to be reported under *Government Auditing Standards*.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

June 25, 2021

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2019, through December 31, 2020

	Grain Sorghum Development Fund 21900	Grain Sorghum National Checkoff Fund 29210	Totals (Memorandum Only)
REVENUES:			
Taxes	\$ 58,695	\$ -	\$ 58,695
Miscellaneous	3,369	51,607	54,976
TOTAL REVENUES	62,064	51,607	113,671
EXPENDITURES:			
Personal Services	42,643	42,196	84,839
Operating	54,282	22,567	76,849
Travel	7,039	5,397	12,436
TOTAL EXPENDITURES	103,964	70,160	174,124
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(41,900)</u>	<u>(18,553)</u>	<u>(60,453)</u>
OTHER FINANCING SOURCES:			
Sales of Assets	87	-	87
TOTAL OTHER FINANCING SOURCES	<u>87</u>	<u>-</u>	<u>87</u>
Net Change in Fund Balances	(41,813)	(18,553)	(60,366)
FUND BALANCES, July 1, 2019	<u>81,137</u>	<u>102,276</u>	<u>183,413</u>
FUND BALANCES, December 31, 2020	<u>\$ 39,324</u>	<u>\$ 83,723</u>	<u>\$ 123,047</u>
FUND BALANCES CONSIST OF:			
General Cash	\$ 37,647	\$ 84,688	\$ 122,335
Deposits with Vendors	3,470	-	3,470
Due to Vendors	(1,793)	(965)	(2,758)
TOTAL FUND BALANCES	<u>\$ 39,324</u>	<u>\$ 83,723</u>	<u>\$ 123,047</u>

The accompanying notes are an integral part of the schedule.

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD

NOTES TO THE SCHEDULE

For the Period July 1, 2019, through December 31, 2020

1. Criteria

The accounting policies of the Nebraska Grain Sorghum Development, Utilization, and Marketing Board (Board) are on the basis of accounting, as prescribed by the State of Nebraska's Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska's Director of DAS include:

The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes[.]

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2014), the State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne, an accounting resource software, to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public.

The financial information used to prepare the Schedule of Revenues, Expenditures, and Changes in Fund Balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require the Board to record all accounts receivable and related revenues in EnterpriseOne; as such, the Board's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of December 31, 2020, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of December 31, 2020, **does not** include amounts for goods and services received before December 31, 2020, which had not been posted to the general ledger as of December 31, 2020.

The Board had no accounts receivable at December 31, 2020. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund type is established by the State and used by the Board:

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

The following major revenue account classifications are established by State Accounting and used by the Board:

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes recorded as revenue for the Board consist of a fee not to exceed one cent per hundredweight upon on grain sorghum sold through commercial channels in the State of Nebraska or delivered in the State of Nebraska.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income and revenue from the United Sorghum Checkoff Program.

NOTES TO THE SCHEDULE

(Continued)

1. Criteria (Concluded)

The following major expenditure account classifications are established by State Accounting and used by the Board:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by the Board.

Operating – Expenditures directly related to a program’s primary service activities.

Travel – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

Other significant accounting classifications and procedures established by State Accounting and used by the Board include the following:

Assets – Resources owned or held by a government that have monetary value. Cash accounts and deposits with vendors are included in fund balance and are reported as recorded in the general ledger.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures, resulting in a decrease to fund balance.

Other Financing Sources – Proceeds of capital asset dispositions.

2. Reporting Entity

The Board is a State agency established under and governed by the laws of the State of Nebraska. As such, the Board is exempt from State and Federal income taxes. The schedule includes all funds of the Board included in the general ledger.

The Board is part of the primary government for the State of Nebraska.

3. Totals

The Totals “Memorandum Only” column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

4. General Cash

General cash accounts are under the control of the State Treasurer or other administrative bodies, as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State’s Investment Council, which maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

5. Capital Assets

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

NOTES TO THE SCHEDULE
(Concluded)

5. Capital Assets (Concluded)

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Annual Comprehensive Financial Report (ACFR). In addition, the Board takes an annual inventory, recording in the State Accounting System all equipment that has a cost of \$5,000 or more at the date of acquisition.

For the ACFR, the State requires the Board to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of acquisition and has an expected useful life of more than one year is capitalized. Depreciation expenses are reported in the ACFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset’s life is not capitalized.

Equipment is depreciated in the ACFR using the straight-line method with estimated useful lives of three years.

Capital asset activity of the Board recorded in the State Accounting System for the period July 1, 2019, through December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 4,884	\$ -	\$ 2,388	\$ 2,496
Less accumulated depreciation for:				
Equipment				<u>1,387</u>
Total capital assets, net of depreciation				<u>\$ 1,109</u>

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD

SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Revenues, Expenditures, and Changes in Fund Balances, and, accordingly, we express no opinion on it.

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2019, through June 30, 2020

Exhibit A

	Grain Sorghum Development Fund 21900	Grain Sorghum National Checkoff Fund 29210	Totals (Memorandum Only)
REVENUES:			
Taxes	\$ 47,554	\$ -	\$ 47,554
Miscellaneous	2,993	42,827	45,820
TOTAL REVENUES	50,547	42,827	93,374
 EXPENDITURES:			
Personal Services	26,902	26,455	53,357
Operating	44,360	17,277	61,637
Travel	5,034	4,833	9,867
TOTAL EXPENDITURES	76,296	48,565	124,861
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,749)	(5,738)	(31,487)
 OTHER FINANCING SOURCES:			
Sales of Assets	87	-	87
TOTAL OTHER FINANCING SOURCES	87	-	87
Net Change in Fund Balances	(25,662)	(5,738)	(31,400)
FUND BALANCES, July 1, 2019	81,137	102,276	183,413
FUND BALANCES, June 30, 2020	\$ 55,475	\$ 96,538	\$ 152,013
 FUND BALANCES CONSIST OF:			
General Cash	\$ 52,004	\$ 96,538	\$ 148,542
Deposits with Vendors	3,471	-	3,471
TOTAL FUND BALANCES	\$ 55,475	\$ 96,538	\$ 152,013

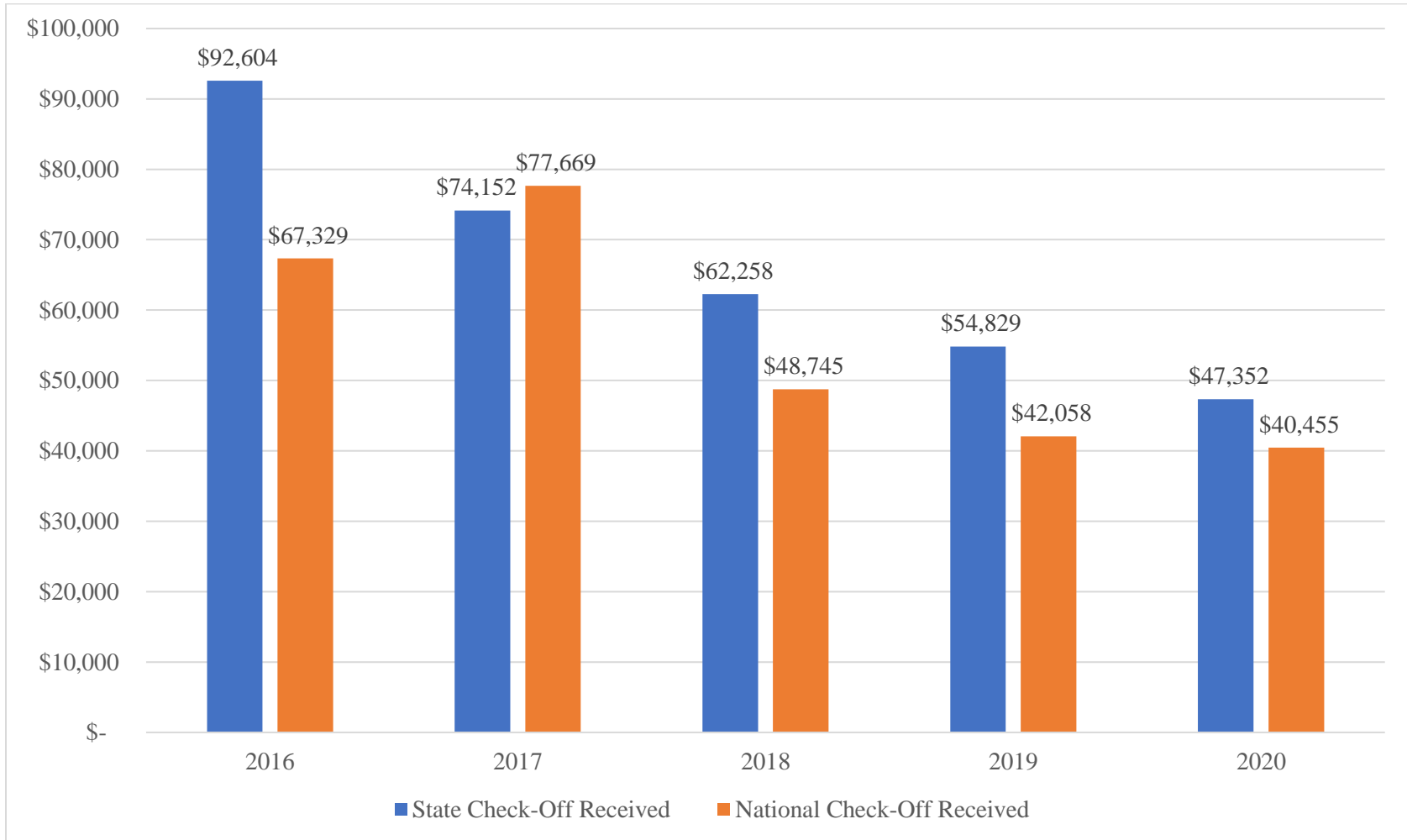
NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Period July 1, 2020, through December 31, 2020

Exhibit B

	Grain Sorghum Development Fund 21900	Grain Sorghum National Checkoff Fund 29210	Totals (Memorandum Only)
REVENUES:			
Taxes	\$ 11,141	\$ -	\$ 11,141
Miscellaneous	376	8,780	9,156
TOTAL REVENUES	11,517	8,780	20,297
EXPENDITURES:			
Personal Services	15,741	15,741	31,482
Operating	9,922	5,290	15,212
Travel	2,005	564	2,569
TOTAL EXPENDITURES	27,668	21,595	49,263
Net Change in Fund Balances	(16,151)	(12,815)	(28,966)
FUND BALANCES, July 1, 2020	55,475	96,538	152,013
FUND BALANCES, December 31, 2020	\$ 39,324	\$ 83,723	\$ 123,047
FUND BALANCES CONSIST OF:			
General Cash	\$ 37,647	\$ 84,688	\$ 122,335
Deposits with Vendors	3,470	-	3,470
Due to Vendors	(1,793)	(965)	(2,758)
TOTAL FUND BALANCES	\$ 39,324	\$ 83,723	\$ 123,047

NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD
NEBRASKA GRAIN SORGHUM CHECK-OFF RECEIVED
Calendar Years 2016 through 2020

Exhibit C



NEBRASKA GRAIN SORGHUM DEVELOPMENT, UTILIZATION, AND MARKETING BOARD
EXPENDITURES BY SUBPROGRAM
 For the Period July 1, 2019, through December 31, 2020

Exhibit D

