

**AUDIT REPORT  
OF  
KEARNEY COUNTY**

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

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**Issued on June 1, 2022**

KEARNEY COUNTY

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KEARNEY COUNTY  
424 N. Colorado Ave.  
Minden, NE 68959

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

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Brent Stewart	Jan. 2023
	Richard Schwenka	Jan. 2023
	James Miller	Jan. 2025
	Robert Swanson	Jan. 2023
	Ross Bruning	Jan. 2025
	Wayne Anderson	Jan. 2023
	Larry Landstrom	Jan. 2025
Assessor	Jennifer Pittner	Jan. 2023
Attorney	Melodie Bellamy	Jan. 2023
Clerk Election Commissioner Register of Deeds	Myra Johnson	Jan. 2023
Clerk of the District Court	Jill Fritson	Jan. 2023
Sheriff	Scott White	Jan. 2023
Treasurer	Jody Payne	Jan. 2023
Public Defender	Tom Lieske	Jan. 2023
Surveyor	Joshua Grummert	Appointed
Veterans' Service Officer	Philip Heun	Appointed
Weed Superintendent Planning & Zoning Floodplain Administrator	Joe Anderson	Appointed
Highway Superintendent	Randall Smith	Appointed
Emergency Manager	Craig Lupkes	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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## KEARNEY COUNTY

### INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Kearney 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 Kearney County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## Summary of Opinions

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

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

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

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Kearney County, as of June 30, 2021, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Kearney 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 19-30, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022, on our consideration of Kearney County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Kearney County’s internal control over financial reporting and compliance.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

May 31, 2022

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 6,866,753
<b>TOTAL ASSETS</b>	<b>\$ 6,866,753</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 19,158
911 Emergency Services	219,783
Drug Education	1,121
Preservation of Records	4,862
Debt Service	255,234
Federal Relief	630,789
Hospital Services	3,105
Unrestricted	5,732,701
<b>TOTAL NET POSITION</b>	<b>\$ 6,866,753</b>

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

KEARNEY 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	\$ (2,249,346)	\$ 358,407	\$ 684,515	\$ (1,206,424)
Public Safety	(1,346,750)	23,779	6,552	(1,316,419)
Public Works	(2,239,780)	3,791	1,492,452	(743,537)
Health and Sanitation	(406,341)	(45)	-	(406,386)
Public Assistance	(44,345)	-	-	(44,345)
Debt Payments	(893,573)	(96)	-	(893,669)
<b>Total Governmental Activities</b>	<b>\$ (7,180,135)</b>	<b>\$ 385,836</b>	<b>\$ 2,183,519</b>	<b>(4,610,780)</b>

General Receipts:

Taxes	5,196,182
Grants and Contributions Not Restricted to Specific Programs	685,107
Investment Income	28,345
Licenses and Permits	38,093
Miscellaneous	45,409
<b>Total General Receipts</b>	<b>5,993,136</b>
 Increase in Net Position	 1,382,356
Net Position - Beginning of year	5,484,397
Net Position - End of year	<b>\$ 6,866,753</b>

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



KEARNEY COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2021

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Hospital Bond Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 1,219,592	\$ 1,615,843	\$ 2,736,076	\$ 255,234	\$ 1,040,008	\$ 6,866,753
<b>TOTAL ASSETS</b>	<u>\$ 1,219,592</u>	<u>\$ 1,615,843</u>	<u>\$ 2,736,076</u>	<u>\$ 255,234</u>	<u>\$ 1,040,008</u>	<u>\$ 6,866,753</u>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	19,158	19,158
911 Emergency Services	-	-	-	-	219,783	219,783
Drug Education	-	-	-	-	1,121	1,121
Preservation of Records	-	-	-	-	4,862	4,862
Debt Service	-	-	-	255,234	-	255,234
Federal Relief	-	-	-	-	630,789	630,789
Hospital Services	-	-	-	-	3,105	3,105
Committed to:						
Law Enforcement	-	-	-	-	5,646	5,646
Road Maintenance	-	1,615,843	-	-	-	1,615,843
Aid and Assistance	-	-	-	-	22,827	22,827
Unemployment	-	-	-	-	15,799	15,799
Economic Development	-	-	-	-	116,918	116,918
Assigned to:						
Other Purposes	-	-	2,736,076	-	-	2,736,076
Unassigned	1,219,592	-	-	-	-	1,219,592
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 1,219,592</u>	<u>\$ 1,615,843</u>	<u>\$ 2,736,076</u>	<u>\$ 255,234</u>	<u>\$ 1,040,008</u>	<u>\$ 6,866,753</u>

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

KEARNEY 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	Hospital Bond Fund	Nonmajor Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Taxes	\$3,248,126	\$ -	\$ 596,063	\$ 783,808	\$ 568,185	\$ 5,196,182
Licenses and Permits	38,093	-	-	-	-	38,093
Investment Income	28,055	-	-	-	290	28,345
Intergovernmental	414,287	1,612,792	-	85,710	755,837	2,868,626
Charges for Services	374,594	3,791	-	(96)	7,547	385,836
Miscellaneous	29,340	16,069	-	-	-	45,409
<b>TOTAL RECEIPTS</b>	<u>4,132,495</u>	<u>1,632,652</u>	<u>596,063</u>	<u>869,422</u>	<u>1,331,859</u>	<u>8,562,491</u>
<b>DISBURSEMENTS</b>						
General Government	2,107,887	-	137,972	-	3,487	2,249,346
Public Safety	802,382	-	272,489	-	271,879	1,346,750
Public Works	35,434	2,204,346	-	-	-	2,239,780
Health and Sanitation	-	-	-	-	406,341	406,341
Public Assistance	44,345	-	-	-	-	44,345
Debt Service:						
Principal Payments	-	-	-	685,000	-	685,000
Interest and Fiscal Charges	-	-	-	208,573	-	208,573
<b>TOTAL DISBURSEMENTS</b>	<u>2,990,048</u>	<u>2,204,346</u>	<u>410,461</u>	<u>893,573</u>	<u>681,707</u>	<u>7,180,135</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,142,447</u>	<u>(571,694)</u>	<u>185,602</u>	<u>(24,151)</u>	<u>650,152</u>	<u>1,382,356</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	1,122,919	-	-	26,094	1,149,013
Transfers out	(1,122,919)	-	-	-	(26,094)	(1,149,013)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,122,919)</u>	<u>1,122,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	19,528	551,225	185,602	(24,151)	650,152	1,382,356
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>1,200,064</u>	<u>1,064,618</u>	<u>2,550,474</u>	<u>279,385</u>	<u>389,856</u>	<u>5,484,397</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u><u>\$1,219,592</u></u>	<u><u>\$1,615,843</u></u>	<u><u>\$2,736,076</u></u>	<u><u>\$ 255,234</u></u>	<u><u>\$1,040,008</u></u>	<u><u>\$ 6,866,753</u></u>

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

KEARNEY 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	\$ 678,391	\$ 24,986,632	\$ 25,146,649	\$ 518,374
<b>LIABILITIES</b>				
Due to other governments				
State - Collected by County Treasurer	293,967	2,293,853	2,419,153	168,667
State - Collected by Other Offices	3,084	103,877	106,634	327
Schools	220,972	16,938,330	16,980,085	179,217
Educational Service Units	2,906	281,006	281,809	2,103
Technical College	18,026	1,730,042	1,735,169	12,899
Natural Resource Districts	4,162	409,505	410,576	3,091
Fire Districts	3,421	456,021	456,140	3,302
Municipalities	35,880	1,786,016	1,789,730	32,166
Agricultural Society	520	64,614	64,592	542
Drainage Districts	11,622	16,932	15,548	13,006
Townships	1,964	22,849	22,000	2,813
Fort Kearny Board	45,669	8,610	555	53,724
Others - Collected by County Treasurer	25,508	560,693	567,818	18,383
Others - Collected by Other Offices	10,690	314,284	296,840	28,134
<b>TOTAL LIABILITIES</b>	<u>678,391</u>	<u>24,986,632</u>	<u>25,146,649</u>	<u>518,374</u>
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

## KEARNEY 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 Kearney County.

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

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

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

##### **Joint Organization.**

Behavioral Health Region III – 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 III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

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 \$17,133 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.

## KEARNEY COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the Two Rivers Public 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).

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) (Supp. 2021). Financial information for the Department is available in that report.

Fort Kearny Preservation, Restoration and Development Board – As explained in "Buffalo Tales," Volume 11, No. 6, and Volume 23, No. 3, published by the Buffalo County Historical Society, local citizens formed the Fort Kearny Memorial Association in 1922 for "the perpetuation and preservation of the Old Fort Kearny Site as a patriotic and historic park and the marking of same by suitable monuments." The Memorial Association was replaced by the Fort Kearny Preservation, Restoration and Development Board (FKPRD Board), as decreed by Governor Ralph Brooks. Contributions continue to be collected by the FKPRD Board and deposited with the Kearney County Treasurer. Withdrawals are made by warrant requests signed by the authorized members of the current board. As of June 30, 2021, the County Treasurer was holding \$53,724 for the FKPRD Board.

#### **B. Basis of Presentation**

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

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

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

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

KEARNEY 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.

**Hospital Bond Fund.** This fund is used to account for the resources for, and the payment of, long-term debt principal, interest, and related costs.

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.

KEARNEY COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

D. **Assets and Net Position**

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

KEARNEY 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 \$1,134,052 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 \$6,866,753 for County funds and \$518,374 for Fiduciary funds. The bank balances for all funds totaled \$7,454,071. 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.

3. **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.



KEARNEY COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

The levy set in October 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.252713/\$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 \$.221797/\$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.

The tax receipts classification also contains collections from the assessment of inheritance taxes, 911 surcharges, and lodging taxes.

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2020) and may be amended through legislative action.

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

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

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

For the year ended June 30, 2021, 60 employees contributed \$112,055, and the County contributed \$166,237. Contributions included \$3,691 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$1,557 directly to 16 retired employees for prior service benefits.

KEARNEY COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. Risk Management**

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

	Transfers from		
	General Fund	Nonmajor Funds	
Road Fund	\$ 1,122,919	\$ -	\$ 1,122,919
Nonmajor Funds	-	26,094	26,094
Total	\$ 1,122,919	\$ 26,094	\$ 1,149,013

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

In the year ended June 30, 2021, the County made a one-time transfer of \$25,756 from the 911 Wireless Service Fund to the Central Communications Fund to pay for the wages of the dispatch employees. Additionally, the County made a one-time transfer of \$338 from the 911 Wireless Service Fund to the 911 Wireless Service Holding Fund to set aside 911 funds for future 911 projects, in accordance with requirements of the Nebraska Public Service Commission.

KEARNEY COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Long-Term Obligations**

**Bonds**

**Series 2012 General Obligation Bond.** The County issued bonds on January 17, 2012, in the amount of \$1,140,000 for the purpose of paying the costs of refunding Series 2009 General Obligation Bonds originally issued for paying the costs of improvements, additions, and equipment for the County's existing hospital facilities. The bond payable balance as of June 30, 2021, was \$430,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	Principal	Interest	Total
2022	\$ 105,000	\$ 8,422	\$ 113,422
2023	105,000	6,244	111,244
2024	110,000	3,850	113,850
2025	110,000	1,293	111,293
Total Payments	<u>\$ 430,000</u>	<u>\$ 19,809</u>	<u>\$ 449,809</u>

**Series 2019 General Obligation Bond.** The County issued bonds on December 30, 2019, in the amount of \$5,585,000 for the purpose of paying the costs of refunding Series 2014 General Obligation Bonds originally issued for paying the costs of constructing renovations, improvements, and additions to, and providing equipment for the County's existing hospital facilities. The bond payable balance as of June 30, 2021, was \$5,585,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	Principal	Interest	Total
2022	\$ 560,000	\$ 185,000	\$ 745,000
2023	580,000	162,600	742,600
2024	605,000	139,400	744,400
2025	630,000	115,200	745,200
2026	650,000	96,300	746,300
2027-2030	2,560,000	184,950	2,744,950
Total Payments	<u>\$ 5,585,000</u>	<u>\$ 883,450</u>	<u>\$ 6,468,450</u>

8. **Notes Receivable**

In 1997, the County received a Community Development Block Grant from the Nebraska Department of Economic Development (DED) in the amount of \$200,000. Over the years, the amount was loaned to various businesses, which in turn, repaid the money to the County. The DED program has now ended, and any money left in the Fund or still being returned to the County is being used as a match to projects approved by DED. The County had one loan that was still being repaid with an interest rate of 4.125%. The business owed the County \$9,207 as of June 30, 2021. On February 8, 2022, the County Board forgave the remaining balance of the loan, totaling \$5,028. Information about the loan is available at the City of Minden.

KEARNEY COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

9. **Prior-Period Adjustment**

The beginning balances were increased by \$13,774 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.

**KEARNEY 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	\$ 3,511,650	\$ 3,511,650	\$ 3,248,126	\$ (263,524)
Licenses and Permits	22,450	22,450	38,093	15,643
Investment Income	25,175	25,175	28,055	2,880
Intergovernmental	127,645	127,645	414,287	286,642
Charges for Services	333,575	333,575	374,594	41,019
Miscellaneous	15,000	15,000	29,340	14,340
<b>TOTAL RECEIPTS</b>	<u>4,035,495</u>	<u>4,035,495</u>	<u>4,132,495</u>	<u>97,000</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	101,250	101,250	98,430	2,820
County Clerk	195,850	195,850	172,678	23,172
County Treasurer	203,968	203,968	179,347	24,621
County Assessor	156,050	156,050	133,450	22,600
Election Commissioner	40,000	40,000	16,400	23,600
Building and Zoning Clerk of the District Court	16,897	16,897	15,070	1,827
County Court System	89,500	89,500	80,942	8,558
District Judge	11,300	11,300	9,394	1,906
Public Defender	68,509	68,509	68,389	120
Building and Grounds	68,590	68,590	66,084	2,506
Reappraisal	103,845	103,845	79,681	24,164
Agricultural Extension Agent	115,000	115,000	110,563	4,437
County Superintendent	69,542	69,542	57,995	11,547
Data Processing	4,565	4,565	4,016	549
Miscellaneous	91,000	91,000	49,902	41,098
Public Safety	1,308,656	1,308,656	965,546	343,110
County Sheriff	452,000	452,000	389,547	62,453
County Attorney	196,450	196,450	171,572	24,878
County Jail	138,134	138,134	114,653	23,481
Emergency Management	327,500	327,500	79,882	247,618
Child Support Agreement Attorney	42,695	42,695	41,490	1,205
Juvenile Probation	6,400	6,400	5,238	1,162
Public Works				
County Surveyor	6,732	6,732	-	6,732
Noxious Weed Control	52,857	52,857	35,434	17,423
Public Assistance				
Veterans' Service Officer	45,350	45,350	44,345	1,005
<b>TOTAL DISBURSEMENTS</b>	<u>3,912,640</u>	<u>3,912,640</u>	<u>2,990,048</u>	<u>922,592</u>

KEARNEY 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	122,855	122,855	1,142,447	1,019,592
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,122,919)	(1,122,919)	(1,122,919)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,122,919)	(1,122,919)	(1,122,919)	-
Net Change in Fund Balance	(1,000,064)	(1,000,064)	19,528	1,019,592
<b>FUND BALANCE - BEGINNING</b>	1,200,064	1,200,064	1,200,064	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 1,219,592</u>	<u>\$ 1,019,592</u>

(Concluded)

KEARNEY 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	\$ 1,393,042	\$ 1,393,042	\$ 1,612,792	\$ 219,750
Charges for Services	-	-	3,791	3,791
Miscellaneous	20,000	20,000	16,069	(3,931)
<b>TOTAL RECEIPTS</b>	<u>1,413,042</u>	<u>1,413,042</u>	<u>1,632,652</u>	<u>219,610</u>
<b>DISBURSEMENTS</b>	<u>3,400,579</u>	<u>3,400,579</u>	<u>2,204,346</u>	<u>1,196,233</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,987,537)</u>	<u>(1,987,537)</u>	<u>(571,694)</u>	<u>1,415,843</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,122,919	1,122,919	1,122,919	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,122,919</u>	<u>1,122,919</u>	<u>1,122,919</u>	<u>-</u>
Net Change in Fund Balance	(864,618)	(864,618)	551,225	1,415,843
FUND BALANCE - BEGINNING	1,064,618	1,064,618	1,064,618	-
FUND BALANCE - ENDING	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 1,615,843</u>	<u>\$ 1,415,843</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 250,526	\$ 250,526	\$ 596,063	\$ 345,537
<b>TOTAL RECEIPTS</b>	<u>250,526</u>	<u>250,526</u>	<u>596,063</u>	<u>345,537</u>
<b>DISBURSEMENTS</b>	<u>2,801,000</u>	<u>2,801,000</u>	<u>410,461</u>	<u>2,390,539</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,550,474)</u>	<u>(2,550,474)</u>	<u>185,602</u>	<u>2,736,076</u>
Net Change in Fund Balance	(2,550,474)	(2,550,474)	185,602	2,736,076
FUND BALANCE - BEGINNING	2,550,474	2,550,474	2,550,474	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,736,076</u>	<u>\$ 2,736,076</u>

(Continued)

KEARNEY 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>HOSPITAL BOND FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 856,000	\$ 856,000	\$ 783,808	\$ (72,192)
Investment Income	2	2	-	(2)
Intergovernmental	-	-	85,710	85,710
Charges for Services	-	-	(96)	(96)
TOTAL RECEIPTS	<u>856,002</u>	<u>856,002</u>	<u>869,422</u>	<u>13,420</u>
 DISBURSEMENTS	 <u>898,851</u>	 <u>898,851</u>	 <u>893,573</u>	 <u>5,278</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(42,849)</u>	 <u>(42,849)</u>	 <u>(24,151)</u>	 <u>18,698</u>
 Net Change in Fund Balance	 (42,849)	 (42,849)	 (24,151)	 18,698
FUND BALANCE - BEGINNING	<u>279,385</u>	<u>279,385</u>	<u>279,385</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 236,536</u>	<u>\$ 236,536</u>	<u>\$ 255,234</u>	<u>\$ 18,698</u>

(Concluded)



**KEARNEY 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>VISITOR'S PROMOTION FUND</u></b>				
Receipts	\$ 1,950	\$ 1,950	\$ 2,108	\$ 158
Disbursements	(19,000)	(19,000)	-	19,000
Net Change in Fund Balance	(17,050)	(17,050)	2,108	19,158
Fund Balance - Beginning	17,050	17,050	17,050	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,158</u>	<u>\$ 19,158</u>
<b><u>REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND</u></b>				
Receipts	\$ 5,001	\$ 5,001	\$ 6,066	\$ 1,065
Disbursements	(7,284)	(7,284)	(3,487)	3,797
Net Change in Fund Balance	(2,283)	(2,283)	2,579	4,862
Fund Balance - Beginning	2,283	2,283	2,283	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,862</u>	<u>\$ 4,862</u>
<b><u>EMPLOYMENT SECURITY FUND</u></b>				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(15,800)	(15,800)	-	15,800
Net Change in Fund Balance	(15,799)	(15,799)	-	15,799
Fund Balance - Beginning	15,799	15,799	15,799	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,799</u>	<u>\$ 15,799</u>
<b><u>RELIEF MEDICAL FUND</u></b>				
Receipts	\$ 2	\$ 2	\$ 4	\$ 2
Disbursements	(22,825)	(22,825)	-	22,825
Net Change in Fund Balance	(22,823)	(22,823)	4	22,827
Fund Balance - Beginning	22,823	22,823	22,823	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,827</u>	<u>\$ 22,827</u>
<b><u>STOP PROGRAM FUND</u></b>				
Receipts	\$ 811	\$ 811	\$ 1,543	\$ 732
Disbursements	(6,600)	(6,600)	(1,686)	4,914
Net Change in Fund Balance	(5,789)	(5,789)	(143)	5,646
Fund Balance - Beginning	5,789	5,789	5,789	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,646</u>	<u>\$ 5,646</u>

(Continued)

**KEARNEY 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 DRUG LAW ENFORCEMENT AND EDUCATION FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(1,121)	(1,121)	-	1,121
Net Change in Fund Balance	(1,121)	(1,121)	-	1,121
Fund Balance - Beginning	1,121	1,121	1,121	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,121</u>	<u>\$ 1,121</u>
<b>FEDERAL GRANT FUND</b>				
Receipts	\$ 10,535	\$ 10,535	\$ 7,453	\$ (3,082)
Disbursements	(120,000)	(120,000)	-	120,000
Net Change in Fund Balance	(109,465)	(109,465)	7,453	116,918
Fund Balance - Beginning	109,465	109,465	109,465	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,918</u>	<u>\$ 116,918</u>
<b>COVID AMERICAN RESCUE PLAN FUND</b>				
Receipts	\$ -	\$ -	\$ 630,789	\$ 630,789
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	630,789	630,789
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 630,789</u>	<u>\$ 630,789</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 56,253	\$ 56,253	\$ 50,502	\$ (5,751)
Disbursements	(56,253)	(56,253)	(24,746)	31,507
Transfers in	-	-	-	-
Transfers out	(338)	(338)	(26,094)	(25,756)
Net Change in Fund Balance	(338)	(338)	(338)	-
Fund Balance - Beginning	338	338	338	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ 1	\$ 1	\$ -	\$ (1)
Disbursements	(121,664)	(121,664)	-	121,664
Transfers in	338	338	338	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(121,325)	(121,325)	338	121,663
Fund Balance - Beginning	121,325	121,325	121,325	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,663</u>	<u>\$ 121,663</u>

KEARNEY 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>HOSPITAL MAINTENANCE FUND</u></b>				
Receipts	\$ 11,913,050	\$ 11,913,050	\$ 405,519	\$ (11,507,531)
Disbursements	(14,371,576)	(14,371,576)	(406,341)	13,965,235
Proceeds from Sale of Bonds	2,454,599	2,454,599	-	(2,454,599)
Net Change in Fund Balance	(3,927)	(3,927)	(822)	3,105
Fund Balance - Beginning	3,927	3,927	3,927	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,105</u>	<u>\$ 3,105</u>
<b><u>CENTRAL COMMUNICATIONS FUND</u></b>				
Receipts	\$ 229,999	\$ 229,999	\$ 227,875	\$ (2,124)
Disbursements	(274,935)	(274,935)	(245,447)	29,488
Transfers in	-	-	25,756	25,756
Transfers out	-	-	-	-
Net Change in Fund Balance	(44,936)	(44,936)	8,184	53,120
Fund Balance - Beginning	89,936	89,936	89,936	-
Fund Balance - Ending	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 98,120</u>	<u>\$ 53,120</u>

(Concluded)

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

For the Year Ended June 30, 2021

	Visitor's Promotion Fund	Register of Deeds Preservation and Modernization Fund	Employment Security Fund	Relief Medical Fund
<b>RECEIPTS</b>				
Taxes	\$ 2,108	\$ -	\$ -	\$ -
Investment Income	-	-	-	-
Intergovernmental	-	-	-	4
Charges for Services	-	6,066	-	-
<b>TOTAL RECEIPTS</b>	<u>2,108</u>	<u>6,066</u>	<u>-</u>	<u>4</u>
<b>DISBURSEMENTS</b>				
General Government	-	3,487	-	-
Public Safety	-	-	-	-
Health and Sanitation	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>3,487</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>2,108</u>	<u>2,579</u>	<u>-</u>	<u>4</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,108	2,579	-	4
<b>FUND BALANCES - BEGINNING</b>	<u>17,050</u>	<u>2,283</u>	<u>15,799</u>	<u>22,823</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 19,158</u>	<u>\$ 4,862</u>	<u>\$ 15,799</u>	<u>\$ 22,827</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	19,158	-	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Preservation of Records	-	4,862	-	-
Federal Relief	-	-	-	-
Hospital Services	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Aid and Assistance	-	-	-	22,827
Unemployment	-	-	15,799	-
Economic Development	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 19,158</u>	<u>\$ 4,862</u>	<u>\$ 15,799</u>	<u>\$ 22,827</u>

(Continued)

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

For the Year Ended June 30, 2021

	STOP Program Fund	County Drug Law Enforcement and Education Fund	Federal Grant Fund	COVID American Rescue Plan Fund	911 Wireless Service Fund
<b>RECEIPTS</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 50,502
Investment Income	-	-	290	-	-
Intergovernmental	-	-	7,163	630,789	-
Charges for Services	1,543	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>1,543</u>	<u>-</u>	<u>7,453</u>	<u>630,789</u>	<u>50,502</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	-
Public Safety	1,686	-	-	-	24,746
Health and Sanitation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>1,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,746</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(143)</u>	<u>-</u>	<u>7,453</u>	<u>630,789</u>	<u>25,756</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(26,094)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,094)</u>
Net Change in Fund Balances	(143)	-	7,453	630,789	(338)
<b>FUND BALANCES - BEGINNING</b>	<u>5,789</u>	<u>1,121</u>	<u>109,465</u>	<u>-</u>	<u>338</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 5,646</u>	<u>\$ 1,121</u>	<u>\$ 116,918</u>	<u>\$ 630,789</u>	<u>\$ -</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	1,121	-	-	-
Preservation of Records	-	-	-	-	-
Federal Relief	-	-	-	630,789	-
Hospital Services	-	-	-	-	-
Committed to:					
Law Enforcement	5,646	-	-	-	-
Aid and Assistance	-	-	-	-	-
Unemployment	-	-	-	-	-
Economic Development	-	-	116,918	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 5,646</u>	<u>\$ 1,121</u>	<u>\$ 116,918</u>	<u>\$ 630,789</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2021

	911 Wireless Service Holding Fund	Hospital Maintenance Fund	Central Communications Fund	Total Nonmajor Funds
<b>RECEIPTS</b>				
Taxes	\$ -	\$ 365,523	\$ 150,052	\$ 568,185
Investment Income	-	-	-	290
Intergovernmental	-	40,041	77,840	755,837
Charges for Services	-	(45)	(17)	7,547
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>405,519</u>	<u>227,875</u>	<u>1,331,859</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	3,487
Public Safety	-	-	245,447	271,879
Health and Sanitation	-	406,341	-	406,341
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>406,341</u>	<u>245,447</u>	<u>681,707</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>(822)</u>	<u>(17,572)</u>	<u>650,152</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	338	-	25,756	26,094
Transfers out	-	-	-	(26,094)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>338</u>	<u>-</u>	<u>25,756</u>	<u>-</u>
Net Change in Fund Balances	338	(822)	8,184	650,152
<b>FUND BALANCES - BEGINNING</b>	<u>121,325</u>	<u>3,927</u>	<u>89,936</u>	<u>389,856</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 121,663</u>	<u>\$ 3,105</u>	<u>\$ 98,120</u>	<u>\$ 1,040,008</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	19,158
911 Emergency Services	121,663	-	98,120	219,783
Drug Education	-	-	-	1,121
Preservation of Records	-	-	-	4,862
Federal Relief	-	-	-	630,789
Hospital Services	-	3,105	-	3,105
Committed to:				
Law Enforcement	-	-	-	5,646
Aid and Assistance	-	-	-	22,827
Unemployment	-	-	-	15,799
Economic Development	-	-	-	116,918
<b>TOTAL FUND BALANCES</b>	<u>\$ 121,663</u>	<u>\$ 3,105</u>	<u>\$ 98,120</u>	<u>\$ 1,040,008</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	Highway Superintendent	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2020	\$ 4,435	\$ 11,853	\$ 13,448	\$ -	\$ 458	\$ -	\$ 30,194
RECEIPTS							
Taxes	-	-	24,563	-	-	-	24,563
Licenses and Permits	700	-	670	-	-	1,650	3,020
Intergovernmental	-	-	-	-	1,500	-	1,500
Charges for Services	73,522	5,836	21,882	-	-	-	101,240
Miscellaneous	-	-	-	16,069	-	-	16,069
State Fees	96,972	6,905	-	-	-	-	103,877
Other Liabilities	-	285,201	29,083	-	-	-	314,284
TOTAL RECEIPTS	<u>171,194</u>	<u>297,942</u>	<u>76,198</u>	<u>16,069</u>	<u>1,500</u>	<u>1,650</u>	<u>564,553</u>
DISBURSEMENTS							
Payments to County Treasurer	73,903	5,904	43,828	16,069	-	1,650	141,354
Payments to State Treasurer	96,972	9,662	-	-	-	-	106,634
Petty Cash	-	-	-	-	291	-	291
Other Liabilities	-	268,046	28,794	-	-	-	296,840
TOTAL DISBURSEMENTS	<u>170,875</u>	<u>283,612</u>	<u>72,622</u>	<u>16,069</u>	<u>291</u>	<u>1,650</u>	<u>545,119</u>
BALANCES JUNE 30, 2021	<u>\$ 4,754</u>	<u>\$ 26,183</u>	<u>\$ 17,024</u>	<u>\$ -</u>	<u>\$ 1,667</u>	<u>\$ -</u>	<u>\$ 49,628</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,754	\$ 341	\$ 14,405	\$ -	\$ 1,667	\$ -	\$ 21,167
Due to State Treasurer	-	327	-	-	-	-	327
Due to Others	-	25,515	2,619	-	-	-	28,134
BALANCES JUNE 30, 2021	<u>\$ 4,754</u>	<u>\$ 26,183</u>	<u>\$ 17,024</u>	<u>\$ -</u>	<u>\$ 1,667</u>	<u>\$ -</u>	<u>\$ 49,628</u>

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

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 20,952,097	\$ 20,945,702	\$ 20,981,389	\$ 21,352,499	\$ 21,940,918
Personal and Specials	1,184,413	1,142,744	1,044,862	1,012,202	1,076,224
Total	<u>22,136,510</u>	<u>22,088,446</u>	<u>22,026,251</u>	<u>22,364,701</u>	<u>23,017,142</u>
Corrections					
Additions	2,012	59,721	686	865	1,482
Deductions	(1,721)	(15,020)	(15,085)	(9,834)	(1,772)
Net Additions/ (Deductions)	<u>291</u>	<u>44,701</u>	<u>(14,399)</u>	<u>(8,969)</u>	<u>(290)</u>
Corrected Certified Tax	<u>22,136,801</u>	<u>22,133,147</u>	<u>22,011,852</u>	<u>22,355,732</u>	<u>23,016,852</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	14,232,553	-	-	-	-
June 30, 2018	7,897,764	14,524,150	-	-	-
June 30, 2019	3,278	7,600,784	14,194,792	-	-
June 30, 2020	2,254	6,498	7,810,781	14,516,829	-
June 30, 2021	399	436	4,585	7,836,141	15,145,041
Total Net Collections	<u>22,136,248</u>	<u>22,131,868</u>	<u>22,010,158</u>	<u>22,352,970</u>	<u>15,145,041</u>
Total Uncollected Tax	<u>\$ 553</u>	<u>\$ 1,279</u>	<u>\$ 1,694</u>	<u>\$ 2,762</u>	<u>\$ 7,871,811</u>
Percentage Uncollected Tax	<u>0.00%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>34.20%</u>

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





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

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KEARNEY 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  
Kearney 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 Kearney County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Kearney County's basic financial statements, and have issued our report thereon dated May 31, 2022. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Kearney County Hospital, a component unit of Kearney County.

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

In planning and performing our audit of the financial statements, we considered Kearney 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 Kearney 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 Kearney 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 Kearney County in a separate letter dated May 31, 2022.

**Kearney County's Response to Finding**

Kearney 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

May 31, 2022



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

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May 31, 2022

Board of Supervisors  
Kearney County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Kearney County (County) for the fiscal year ended June 30, 2021, and have issued our report thereon dated May 31, 2022. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

## COUNTY BOARD

### Report Compliance

During the fiscal year, we noted the following issues:

- For the 2020 audit report, the County Board did not publish "a brief statement disclosing the conclusion of the examination and audit and that such audit report is on file with the county clerk," as required by Neb. Rev. Stat. § 23-1608(2) (Reissue 2012). Typically, the release of the audit report would be included in the "brief statement of the proceedings" of the County Board – which, per Neb. Rev. Stat. § 23-122 (Reissue 2012), is required to be published within 10 working days of each meeting. However, the fiscal year 2020 audit report was issued on January 20, 2021, which was one day after the County Board meeting on January 19, 2021. The next meeting did not occur until February 16, 2021, which was more than 10 working days after the release of the audit report. However, neither the January 19 nor the February 16 meeting minutes, which were published in compliance with § 23-1608(2), mentioned the release of the audit report.
- We noted that the County Sheriff failed to report to the County Board the total amount collected on distress warrants by August 1, 2020, as required by Neb. Rev. Stat. § 77-1719.01 (Reissue 2018). According to a discussion with the County Sheriff's office, the report was prepared on August 1 and presented to the County Board in September 2020. However, a review of the County Board meeting minutes found no mention of the County Sheriff's Distress Warrant Report during either August 2020 or September 2020.

Section 23-1608(1) provides, in relevant part, "Each county board shall cause an examination and a complete and comprehensive annual audit to be made of the books, accounts, records, and affairs of all county officers in the county." Subsection (2) of that same statute adds, "The county board shall cause to be published in the same manner as the proceedings of the county board a brief statement disclosing the conclusion of the examination and audit and that such audit report is on file with the county clerk."

Section 23-122 states, in part, the following:

*The county board of all counties having a population of less than one hundred fifty thousand inhabitants shall cause to be published, within ten working days after the close of each annual, regular, or special meeting of the board, a brief statement of the proceedings thereof. . . .*

Section 77-1719.01 states, “On or before August 1 of each year, the sheriff shall report to the county board showing the total amount collected on current distress warrants and the amount remaining uncollected.”

Good internal controls require procedures to ensure compliance with both the requirements in § 23-1608(2) to publish a timely statement regarding a recently released audit report and in § 77-1719.01 for the presentation of the County Sheriff’s Distress Warrant Report by August 1 annually.

Without such procedures, there is an increased risk of not only statutory noncompliance but also a lack of transparency and/or accountability to the taxpayers and the general public alike.

We recommend the County Board implement procedures to ensure compliance with § 23-1608(2) by publishing the required statement within 10 working days after the release of an annual audit report. Those same procedures should ensure also that County Sheriff’s Distress Warrant Report is presented on or before August 1 of each year, as required by § 77-1719.01.

## **COUNTY TREASURER**

### **Trust Fund Balances**

As of June 30, 2021, the balances of the trust funds maintained by the County Treasurer totaled \$18,383. The County Treasurer was unable, however, to provide support for \$828 of the total balances held in one trust fund for partial tax payment collections. Due to the lack of support, we were unable to determine the age of the balances held.

Good internal controls and sound business practices require procedures to ensure that trust funds maintained by the County are reviewed on an ongoing, timely basis to allow for the identification and resolution of any errors, omissions, and/or irregularities found with the balances thereof.

Without such procedures, there is an increased risk of trust fund balance errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

A similar finding was noted in the past two audits.

We recommend the County Treasurer implement procedures to ensure the performance of ongoing, detailed, and timely reviews of all trust fund balances, so any errors, omissions, and/or irregularities may be promptly identified and resolved.

## **COUNTY OVERALL**

### **Segregation of Duties**

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

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

This was also noted in prior audits.

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

\* \* \* \* \*

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

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

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,

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

Mark Avery, CPA  
Assistant Deputy Auditor